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## New Opposition Leader

**Mr Neil Kinnock, MP, was elected as the new leader of the Labour Party, and Mr Roy Hattersley, MP, as its new deputy leader, after single ballots, at the annual party conference on 2 October.**

As Leader of the official Opposition in the House of Commons, Mr Kinnock will receive an annual salary of £36,490. It was announced on 13 October that Mr Kinnock had been appointed to the Privy Council.

### Election Procedure

Under new rules approved in 1981, which widened the franchise for electing the leader, candidates for election to the Labour Party leadership must be Members of Parliament and must be nominated by an electoral college consisting of representatives from the affiliated trade unions, the constituency parties and the House of Commons members of the parliamentary party in ratios of 40:30:30 respectively. The successful candidate is the one who receives an overall majority of the votes cast, and successive ballots are held until this occurs. If, after the first ballot, no candidate has an overall majority, the candidate with the lowest vote drops out (or the two or three lowest-placed candidates if their combined votes amount to fewer than those of the candidates above them). After the first ballot, other candidates may also withdraw if they wish, but no new candidate may be nominated. The deputy leader of the Party is elected annually in the same manner.

### The Result

Four candidates stood for the leadership. They were Mr Roy Hattersley (chief Opposition spokesman on home affairs), Mr Eric Heffer (Opposition spokesman on European and Community affairs), Mr Neil Kinnock (chief Opposition spokesman on education) and Mr Peter Shore (chief Opposition spokesman on Treasury and economic affairs).

The result of the ballot was as follows:

| | Percentage |
|---|---|
| Mr Kinnock | 71·3 |
| Mr Hattersley | 19·3 |
| Mr Heffer | 6·3 |
| Mr Shore | 3·1 |

As Mr Kinnock had obtained an overall majority of votes, no further ballots were necessary and he was confirmed as leader of the Party.

The deputy leadership was also contested by four candidates. They were Mrs Gwyneth Dunwoody (Opposition spokesman on the health service), Mr Denzil Davies (chief Opposition spokesman on Wales), Mr Roy Hattersley (chief Opposition spokesman on home affairs) and Mr Michael Meacher.

The result was:

| | Percentage |
|---|---|
| Mr Hattersley | 67·3 |
| Mr Meacher | 27·9 |
| Mr Davies | 3·5 |
| Mrs Dunwoody | 1·3 |

As Mr Hattersley had obtained an overall majority of votes, no further ballots were necessary and he was confirmed as deputy leader of the Party.

## British Foreign Policy

**The world economy, disarmament, the Falkland Islands, the Middle East, Afghanistan, Southern Africa and East-West relations were among the topics discussed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech to the United Nations General Assembly on 28 September.**

### The World Economy

Commenting on the state of the world's economy, Sir Geoffrey said that, although there were signs of economic recovery in Britain and other countries, the consequences of inflation and inflated expectations were still present, notably the problems of debt and the pressures to resort to quick and wrong solutions such as protectionism. Many members of the international community were ready to respond to the challenge of joint action as shown by the February 1983 decision of the Interim Committee of the International Monetary Fund to increase quotas and to enlarge the general borrowing arrangements (see p 162). It remained vitally important for countries to take action to implement their increased quotas so that the Fund could be more effective.

Sir Geoffrey said that it was necessary to restore the balance and vitality of the world economy in order to provide a rising standard of living and, above all, to meet basic human needs for food, shelter, and a decent standard of life. Although world agricultural production had kept slightly ahead of population increase, this concealed the fact that in many countries per capita agricultural production had stagnated or declined. Experience, however, showed that the opposite could be achieved where policy was directed to encouraging individual enterprise and more widespread use of appropriate technology. Population policy, too, was part of the answer and needed to be given a high priority since it would benefit the poorest people most. Similarly, aid had a vital role, the main requirement being for aid to increase production where it was most needed. However, Sir Geoffrey continued, it was also necessary to make the best use of the available resources and there could not, therefore, be any weakening in the fight against protectionism. Trade barriers hindered economic efficiency and the creation of wealth. 'There must be no new upward twist to the spiral of protection. Instead, I should like to see a vigorous programme of commercial disarmament.'

### Arms Control

Sir Geoffrey observed that without security there could be no lasting prosperity and that arms control and disarmament could contribute to both by reducing at the same time the risks of war and the burden of defence costs. Agreements could be reached capable of bringing lasting economic and military benefit to both sides. Although there had been over the last two decades practical examples of successful agreements between East and West, history showed that the road was not an easy one. Nevertheless there had been some movement on the Western side, the United States having proposed major cuts in strategic missiles and the elimination of a whole class of intermediate-range missiles. Britain fully supported further radical proposals made to the General Assembly by the United States President, Mr Ronald Reagan, designed to advance the negotiations as rapidly as possible.[1] Britain also agreed with Western proposals to reduce the armed forces facing each other in Central Europe to a common ceiling (see footnote p 20), and had put forward proposals to bring nearer a ban on chemical weapons (see pp 126–7). The West meant business over disarmament and it was now up to the Soviet Union to respond.

The British objective, continued Sir Geoffrey, was realistic, balanced and verifiable measures of arms control and disarmament designed to enhance peace and security for all participants. 'We do not seek unilateral advantage. Nor shall we give in to those who seek it at our expense.'

In the negotiations concerning intermediate-range nuclear missiles (see pp 125–6), Sir Geoffrey

[1]On 26 September Mr Reagan, in a new initiative regarding global limits on intermediate-range nuclear missiles, said that the United States would consider mutually acceptable ways to address the Soviet Union's desire that an agreement should limit aircraft as well as missiles and offered to reduce the planned number of Pershing II ballistic missiles as well as ground-launched cruise missiles in the context of reductions to equal levels. On 4 October the United States proposed a mutual guaranteed 'build-down' under which older strategic missiles would be withdrawn as new warheads of various types were employed; expressed willingness to consider the 'build-down' of bombers and to discuss additional limitations on air-launched cruise missiles carried by United States bombers; and to negotiate arrangements, taking into account Soviet advantages in missiles and United States advantages in bombers, designed to provide each side maximum flexibility consistent with movement towards a more stable balance of forces.

saw no reason to accept the Soviet Union's claim that the British and French strategic systems should be included, pointing out that both the United States and the Soviet Union had agreed to exclude their own strategic weapons from the talks. 'Taken literally, what the Soviet leaders are asking for is either the unilateral strategic disarmament of Britain and France, or a monopoly of intermediate-range missiles in Europe at the expense of the United States and its allies. These demands are unacceptable and will remain so. Not because British weapon systems would be affected, but because what is proposed is unbalanced and inequitable, and would benefit one side at the expense of the other.'

The British nuclear deterrent was a strategic one representing less than 3 per cent of the strategic nuclear forces available to the United States or the Soviet Union. 'It would be absurd as things stand for us to seek to trade reductions with a superpower. But we have never said "never". On the contrary, we have made it clear that, if Soviet and US strategic arsenals were to be very substantially reduced, and if no significant changes had occurred in Soviet defensive capabilities, Britain would want to review her position and to consider how best she could contribute to arms control in the light of the reduced threat. That remains our position.'

Sir Geoffrey emphasised that, although arms control and disarmament were rightly the concern of the United Nations and its member states, the causes of war, as the British Prime Minister had told the United Nations in June 1982 (see pp 233-6, 1982), did not lie in the existence of particular weapons, whether nuclear or conventional, but 'in the disposition of states to ignore international law and to seek to impose change on others by resort to force'.

### The Falkland Islands

Britain had had direct experience of this in 1982 when Argentina invaded the Falkland Islands in flagrant violation of one of the most fundamental principles of the United Nations Charter. This invasion had not faded into history and Britain would continue to uphold the principles of the Charter. 'We will continue to defend the right – the inalienable right – of the people of the Falkland Islands to self-determination, a right to which they are no less entitled than other small island peoples, and we will carry forward economic and constitutional development in close consultation with the Islanders.'

At the same time Britain would continue to seek a more normal relationship with Argentina and a reduction of tension in the South Atlantic. Britain had played a constructive part in international efforts to help with the problem of Argentina's debt, and progress had been achieved in the removal of bilateral financial restrictions largely as a result of a British initiative. The British Government wanted to do the same in the commercial and economic fields and had supported the initiative of the European Community to this effect. The Argentine response, however, had not been encouraging. 'The Argentine authorities have shown no regret at their resort to the use of force, no interest in reducing tension and no response to these various initiatives from the British side aimed at restoring a better relationship between our two countries. They continue to see negotiations purely as a means for transferring sovereignty without regard for the wishes of the Islanders. A radical change of approach is required in Buenos Aires.'

Referring to the Argentine Foreign Minister's statement to the Assembly, Sir Geoffrey said that his reference to respecting the existing cessation of hostilities had yet to be translated into a convincing and dependable renunciation of the use of force. The accusation that Britain was threatening the security of the Latin American region was 'lurid nonsense' for it was merely protecting the Islands and their population from an all too real threat kept alive by the current pattern of Argentine arms purchases. On the charge of colonialism Sir Geoffrey said that Britain's record spoke for itself, as could be seen in the membership of the General Assembly,[1] and pointed out that Britain had recently granted independence to the Federation of Saint Christopher and Nevis (see pp 303-4) in response to the freely expressed wishes of the people exercising their right to self-determination. Britain congratulated Saint Christopher and Nevis on becoming the one-hundred-and-fifty-eighth member of the United Nations and the forty-eighth member of the Commonwealth.

### The Middle East

Turning to the question of the Middle East, Sir Geoffrey observed that there was not much time left for peaceful change. Britain had been greatly disappointed, especially after the initial response from the Arab summit at Fez, that the proposals put forward by the United States in September 1982 (see pp 285-6, 1982) had not been taken up by the parties. 'They offered a realistic starting point for negotiations aimed at reconciling the right of Israel to live within secure and recognised borders with the right of the Palestinian people to determine their own future.'

A just and lasting solution to the Arab-Israel dispute could only be achieved through negotiation. Both parties needed to take the first steps to build mutual confidence – Israel by halting its policy of building illegal settlements in occupied territory and the Arabs, including the Palestinians, by showing that they were ready to accept Israel's right to live in peace and security. Efforts to tackle the central issue of the future of the occupied territories of the West Bank and Gaza had been diverted by the events in Lebanon (see pp 241-5, 316-19 and 393, 1982). Pointing out that Lebanon had internal problems which it would be difficult enough to solve in conditions of peace, Sir Geoffrey said that it had no chance of solving them while at the mercy of foreign forces. 'That is why we shall continue to support all efforts to restore Lebanon's sovereignty and independence and to secure the withdrawal of all foreign forces

[1]For information on the process by which Britain brought its former dependent territories to independence, see COI reference pamphlet *Paths to Independence: Britain and the Emergence of New Nations*, No 205/RP/83, and COI reference paper *Britain and the Emergence of New Nations*, No 214/83.

from that country. The presence of a small contingent of British troops in Beirut[1] is a symbol of that support.'

The Israeli invasion of Lebanon in 1982, noted Sir Geoffrey, had, predictably, solved nothing, but had increased suffering while making even more difficult the essential process of national reunification. The Syrian refusal to withdraw, despite the clear wishes of the Lebanese Government, only prolonged the agony and increased the risk of partition. Britain warmly welcomed the declaration of a cease-fire, and the intention of all parties to pursue a dialogue aimed at reconciliation of the various communities.[2] 'The important thing now is for this to be implemented fully and faithfully by all concerned.'

On the Iraq-Iran war Sir Geoffrey said that Britain would support all efforts to end it. The work of the Secretary-General's mission of inquiry provided a starting point for a consensus and members of the international community needed to avoid any action which could extend or raise the level of conflict in the area.

### Cyprus

The United Nations had been tireless in its efforts to promote a settlement in Cyprus and the Secretary-General had increased his own personal involvement. Sir Geoffrey welcomed this and said that Britain stood ready to help in every appropriate way. Despite some limited progress in intercommunal talks held under United Nations auspices, a peaceful and lasting settlement seemed a long way off.

### Southern Africa

In Southern Africa also, Sir Geoffrey emphasised, violence could not be the solution and human rights should not be trampled upon or ignored. 'South Africa will not succeed, in the end, in coercing its neighbours into a change of heart through the use of military force or subversion. Nor on the other hand will bomb attacks against innocent people incline the South African Government to change its course.' The only hope for a peaceful future lay in political change and the creation of greater trust through regional cooperation and international support. The independence agreement for Zimbabwe (see pp 364–70, 1979) had been an important first step and, although a settlement in Namibia had still to be reached, many of the difficult issues had been settled. Britain was committed to a settlement based on Security Council Resolution 435 (see pp 350–2, 1978) and would continue to use its weight and influence to bring it about.

### Afghanistan and Cambodia

Referring to the continued use by the Soviet Union of military force to suppress a small and non-aligned people in Afghanistan, Sir Geoffrey said that, after four years of brutal military occupation in support of an unpopular and unrepresentative regime, the struggle of the Afghan people for national liberation inspired widespread admiration. 'Only a complete and prompt Soviet withdrawal can open the way to the return of the Afghan refugees and to establishment of an independent Government in accordance with the true wishes of the people and with the resolutions adopted by this General Assembly.'

Cambodia's occupation by Vietnam was another example of foreign military force being used to deny the right of self-determination of a neighbouring state. Britain would continue its full support for the efforts of the United Nations and neighbouring countries to find a comprehensive political solution based on self-determination.

### Central America

Sir Geoffrey said that many problems in Central America stemmed from social, economic and political injustice. 'But there is no doubt also that these problems have been and are being exploited by those who seek not to solve them for the good of the people of those countries, but rather to use them to bring about violent revolution.'

Britain supported all efforts to correct injustice by peaceful and democratic means, welcomed efforts to reduce tension and encourage dialogue, and condemned the action of all those who used force to block the path to peaceful reform and evolutionary change.

### East-West Relations

The conduct of the Soviet Union in these regional problems, continued Sir Geoffrey, had contributed to the present state of strain in East-West relations. The Soviet military build-up, the situation in Poland and disregard for human rights in the East had also played a part. The brutal destruction of the Korean airliner (see p 328) was a reminder of how far Soviet international behaviour could fall short of civilised standards. 'Britain has made plain to the new Soviet leadership that these are matters of grave and continuing international concern to the entire world. But, together with our partners, we have also said – and said repeatedly – that we are ready for a more constructive relationship, provided that the Soviet Union is prepared to adopt a new approach. What we are calling for is willingness by the Soviet Union to base their actions and their policies on respect for internationally accepted standards of behaviour. If the Soviet Union is ready to take real steps in this direction, I have no doubt that the international response would be overwhelming.'

### Human Rights

Noting that 1983 was the thirty-fifth anniversary of the Universal Declaration of Human Rights, Sir Geoffrey said that human rights continued to be widely disregarded in many parts of the world, and that the international community had failed to implement the commitments so readily proclaimed by its members. Personal freedom and individual rights were the foundation stones of national and

[1] A British unit of about 100 personnel has been in Beirut as part of the Multinational Force since February 1983 at the request of, and by agreement with, the Lebanese Government. The other participants in the Force are the United States, France and Italy. The Force is designed to give encouragement and support to the Lebanese Government's efforts to establish its authority in Beirut and Lebanon as a whole and thus promote stability in the area.

[2] Following hostilities between the Lebanese Government and Druze militia which, at times, involved elements of the Multinational Force, a cease-fire came into effect on 26 September.

international order, and each country needed to look honestly at its own performance in this field and resolve to do better[1] (see also the article on the Madrid meeting of the Conference on Security and Co-operation in Europe, p 324).

### Conclusion

Concluding, Sir Geoffrey said that the challenge facing the world could be met successfully through effective international co-operation, which had worked in Antarctica. 'Confrontation is easy. Pursuit of national interest appears to be. But neither confrontation nor blind nationalism can provide the conditions of stability essential for peace to break out and the world economy to flourish.'

## East-West Relations

**East-West relations were the major theme of a speech made by the Prime Minister, Mrs Margaret Thatcher, at the Churchill Award dinner in Washington on 29 September.**

Addressing herself to the problems which confronted the West in the 1980s, Mrs Thatcher said it was the West's duty 'to understand the threat we face, to be strong enough to deter any aggressor, to engage in and win the battle of ideas and, as [Sir Winston] Churchill always sought to do, to bind ever more closely those nations who cherish the dignity of man and the power of the human spirit'.

### The Soviet Threat

Mrs Thatcher said that the West had to deal with the Soviet Union and that it was ready – if and when the circumstances were right – to talk to the Soviet leadership. 'But we must not fall into the trap of projecting our own morality on to the Soviet leaders.' Although claiming to speak in the name of humanity, they oppressed the individual, exercised total control in their own empire and practised single-party rule by a self-appointed oligarchy. Though they pretended to support the freedom of the ballot box, they were protected by a system of one man, one vote – and one candidate. 'They preside over a modern version of the early tyrannies of history; a structure so rigid that it totally precludes the normal processes of questioning, discussion and change.' Moreover, the Soviet Union had an unparalleled arsenal of nuclear and conventional weapons at its disposal, and its governing principles were force and dictatorship. 'While the Soviet Union has imposed its rule on its neighbours and drawn an iron curtain between East and West, we in [Britain] have given freedom and independence to more than 40 countries whose populations now number more than one thousand million – a quarter of the world's total' (see footnote on p 320).

[1]For further information about human rights, see COI reference pamphlet, *Human Rights in the United Kingdom*, No 221/RP/83.

The readiness of the Soviet Union to use force outside its borders was manifest since it was active in every continent, 'reaching deep into the domestic affairs of independent countries – openly or covertly, by using the tools of subversion'. Fresh evidence of the nature of the Soviet system had been shown in September by the destruction of the Korean airliner (see p 328), an act of atrocity showing the Soviet Union's contempt for fellow human beings. It was necessary for the West to recognise the Soviet system for what it was. 'We are confronted by a power of great military strength, which has consistently used force against its neighbours, which wields the threat of force as a weapon of policy, and which is bent on subverting and destroying the confidence and stability of the Western world.'

### The Allied Response

The aim of the Western alliance, observed Mrs Thatcher, had always been to defend the democratic ideals and way of life of its members. Its membership was voluntary and member countries had preserved their freedom and provided material prosperity for their people on a scale that fifty years ago would have seemed like a dream.

Peace had reigned secure because potential aggressors knew that the West was strong and had the will to use that strength to defend its beliefs. The Soviet Union had nothing to fear from the West. Democracies were naturally peace-loving since the use of force and the threat of force to advance their beliefs was no part of their philosophy. The radical proposals for disarmament came from the West and no amount of propaganda or spurious half-truths could disguise the Soviet determination 'to maintain or gain numerical advantage in weaponry, men and materials'. Soviet flexibility to date had been designed to beguile public opinion and not to make progress by genuine negotiation at Geneva.

The Prime Minister said that some people might recoil at the thought of negotiating with men whose theories and actions had been responsible for so much suffering. 'Yet the character of modern weapons, not only nuclear but conventional, obliges us to do so. So we must persist in our efforts, but resolved to do nothing that would hand an advantage to the other side, nothing to put at risk the credibility of the Western alliance and nothing to unsettle that military balance on which peace itself depends.'

### The Ideological Conflict

Commenting on the battle of ideas, Mrs Thatcher said that in the West the peoples of the world found creative thinking and art, inventive genius, and standards of excellence in literature and music. Both friend and foe came to the West for investment capital, grain supplies, science and technology, medical research, and methods to protect the environment and to preserve wildlife. The West was free and if it did not keep alive the flame of freedom, it would go out and every noble ideal would die with it. 'It is not by force of weapons but by force of ideas that we seek to spread liberty to the world's oppressed. It is not only ideals, but conscience that impels us to do

so.' Freedom of conscience was a natural right which laws did not give and which law could never take away. 'It is the countries of the democratic West which recognise the limits of the power of the State, and which enshrine the conscience of man, in the very structure of their institutions. It is this which is the burden of our responsibility to mankind. Surely this is what Churchill meant when he said in a wartime broadcast to this country: "United we can save and guide the world. Divided the dark ages return."'

## Conference on Security and Co-operation in Europe

**The need for all signatories of the 1975 Helsinki Final Act to observe its provisions was emphasised by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in his speech on 7 September to the closing session of the Madrid follow-up meeting of the Conference on Security and Co-operation in Europe (CSCE).**

The Final Act, signed by 33 European countries and by Canada and the United States (see pp 307-12, 1975), embodied agreements and principles on human rights and contacts, technical, cultural and scientific co-operation, and practical measures designed to lower the barriers between states and covering the whole spectrum of relationships between states and peoples. It also included a section on security, its purpose being to lessen military confrontation through confidence-building measures. A review meeting on the implementation of the Final Act took place in Belgrade in 1977-78 (see pp 114-17, 1978). The second follow-up meeting began in Madrid in November 1980 (see pp 351-5, 1980) and ended with the formal signing of the concluding document by the 35 participating countries on 9 September 1983.

### BRITAIN'S VIEWS

Opening his speech, Sir Geoffrey said that, although Britain had not expected the political landscape to be changed overnight, it had hoped that the provisions of the Final Act would be scrupulously implemented and that the dynamic of the CSCE process would in time lead to the further breaking-down of the barriers between the participating states. There had seemed good reason for this optimism for it had been the Foreign Minister of the Soviet Union (Mr Andrei Gromyko) who, at the conclusion of the preparatory meeting in Helsinki in 1973, had said that the CSCE would provide a 'code of conduct for Europe'; while those who signed the Final Act in 1975 had thought that such a code of conduct had been agreed upon. However, when the Madrid review conference began in 1980 it had been necessary to reassess those hopes because some governments were so manifestly failing to fulfil their Helsinki obligations, failures which had undermined the Final Act's credibility, and had encouraged popular cynicism about the sincerity of some of the commitments.

The Madrid conference had begun against the background of events in Afghanistan, 'in themselves a massive violation of the principles to which we had all pledged ourselves'. In 1981, while the conference was renewing pledges to uphold the provisions of the Final Act, martial law was imposed in Poland to suppress the civil and political liberties enshrined in those very provisions. Two years later, the participating countries were meeting under the shadow of the South Korean airliner disaster (see p 328) which had demonstrated 'callous disregard of human life'.

#### Dissemination of Information

Sir Geoffrey said that certain states had displayed a cynical disregard for the Helsinki commitment to the freer and wider dissemination of information of all kinds. The jamming of radio broadcasts on the pretext that they were 'harmful propaganda' was a 'reactionary fear' of the power of ideas, a fear so strong that it had overridden commitments solemnly undertaken in Helsinki in 1975. The British delegation at Madrid had tried unsuccessfully to secure additional undertakings about this issue. 'Those who are frightened of open debate have thwarted us. The jamming goes on.'

The attempt by a small number of states to censor the airwaves was in stark contrast to the freedom of communication enjoyed elsewhere. The revolution in information technology had provided people with wider access to information and transformed their lives with an explosion of choice in education and in communication. Information technology could bring people together, thereby promoting the mutual knowledge and contact which was at the heart of the Final Act. 'All those who signed it have an obligation to encourage this process.'

#### Human Rights

In addition to their failure to honour the Helsinki provisions, certain governments had harassed and suppressed some of the groups formed to monitor their governments' implementation of the Final Act. Sir Geoffrey noted with satisfaction the commitment in the Madrid concluding document 'to encourage genuine efforts to implement the Final Act'. Although the monitoring groups were not explicitly referred to in the document, this provision was intended to protect them. Britain would watch very closely to see how it was implemented.

Although there had been grave setbacks and disappointments there had also been successes. The Madrid meeting had agreed a number of provisions which would be of direct benefit to ordinary men and women, notably new provisions on trade union rights, a commitment to ensure the freedom of the individual to profess and practise his religion or belief and an undertaking on free access of visitors to diplomatic missions.

The concluding document also provided for further work on human rights and human contacts. At the conference on human rights which would meet in Ottawa in 1985 there would be a further opportunity to examine the implications of the seventh principle of the Final Act, dealing with respect for human rights and fundamental freedom; and at the meeting on human contacts in Berne in 1986 experts would be able to address problems such as the reunification of families and marriages between people from different countries. It was exactly these human problems, the Foreign and Commonwealth Secretary emphasised, which the CSCE process was designed to overcome. 'Public opinion will judge each of us by our willingness to match words with deeds.'

### Security and Confidence Issues

The human dimension, Sir Geoffrey stressed, was central to the Final Act, but security issues were no less fundamental. On terrorism, he reminded the meeting of their pledge to eradicate it, and they were entitled to expect total commitment and co-operation from each other in dealing with it.

Commenting on the agreement to convene a conference on confidence- and security-building measures and disarmament (see p 326), Sir Geoffrey noted that the conference's first stage would be concerned only with confidence-building measures. This was the right approach, for such measures were vital to the success of the disarmament process. 'By establishing a climate of confidence, we shall help to secure a stable peace, and so help to promote the success of those arms control negotiations which are already in progress.'

Confidence could not be built on declaratory measures, the Secretary of State continued, or on promises about peaceful intentions, since these alone would do nothing to enhance the real level of security. This could only be done by taking small, practical steps. 'We must create an openness, a transparency, in our military behaviour which reduces the risks of misunderstanding and eliminates the danger of surprise attack. As the mandate for the conference stipulates, the measures . . . must be militarily significant, not just vague avowals of good intentions.' Experience from the Helsinki 1975 Final Act had made it clear that these measures would also have to be politically binding. Only one of the Helsinki provisions – the notification of military manoeuvres involving over 25,000 men – was binding. 'Far too often the voluntary measures, such as invitations to observers, were fulfilled by members of the NATO Alliance but not by the Warsaw Pact.'

The confidence-building measures agreed had also to provide for adequate forms of verification, Sir Geoffrey said. This was the crux of the matter. 'If a measure is to promote confidence, it must not only be universally observed from the Atlantic to the Urals, but it must be seen to be universally observed. Verifiability is a prerequisite for trust, and without trust, we cannot hope to establish confidence and enhance security.'

### Conclusion

Looking to the future, Sir Geoffrey emphasised that all participants should remain dedicated to the belief that all people are entitled to know the truth, should continue to promote greater co-operation between people everywhere, and should honour commitments freely undertaken. Referring to the planned conferences, on human rights, human contacts and disarmament in Europe, he hoped that, when the participating countries met in Vienna in 1986, 'it should be in the knowledge that, through those meetings, the CSCE process [had] enhanced both our collective security and our personal freedom'.

## CSCE CONCLUDING DOCUMENT

The signatories of the Madrid concluding document stressed the 'high political significance' of the CSCE process in furthering efforts to increase security, develop co-operation and enhance mutual understanding in Europe, and affirmed their commitment to this process and their respect for all the principles of the Final Act. Furthermore they emphasised the importance they attached to security and genuine détente, while deploring the deterioration of the international situation since the Belgrade meeting. They agreed that renewed efforts should be made to give full effect to the Final Act through concrete action, unilateral, bilateral and multilateral, in order to restore trust and confidence so as to permit a substantial improvement in mutual relations between the participating countries.

Although certain progress was noted during the exchange of views at the meeting, concern was expressed at the serious deficiencies in the implementation of the Final Act, and the continued lack of confidence among its signatories. The participants stressed that strict application and respect for the principles of the Final Act were essential for the improvement of their mutual relations.

## QUESTIONS RELATING TO SECURITY IN EUROPE

Expressing their determination to exert new efforts to make détente an effective, continuing and comprehensive process, the signatories agreed to seek solutions to outstanding problems through peaceful means, to fulfil consistently all the provisions of the Final Act, to develop relations of mutual co-operation, friendship and confidence, to encourage genuine efforts to implement the Final Act, and to exert genuine efforts towards containing an increasing arms build-up as well as towards strengthening confidence and security and promoting disarmament.

### Principles Guiding Relations Between States

Reaffirming the ten principles set out in the Final Act's Declaration on Principles Guiding Relations between Participating States, they agreed 'strictly and unreservedly to respect and put [these] into practice'. They reaffirmed that the need to refrain from the threat or use of force, as a norm of international life, should be 'strictly and effectively

observed'. Terrorism, including international terrorism, was condemned, and the need to take effective measures for its prevention and suppression both at a national level and through international co-operation was emphasised. These would include measures to prevent their territories being used for the preparation, organisation or commission of terrorist activities against other participating states and their citizens.

Emphasising 'the universal significance of human rights and fundamental freedoms', respect for which was 'an essential factor for the peace, justice and well-being necessary to ensure the development of friendly relations and co-operation among themselves', participants stressed their determination to promote and encourage the effective exercise of these rights and freedoms, aiming at further and steady development in this field in all participating states irrespective of their political, economic and social systems. The right of the individual to know and act upon his rights and duties was reasserted.

With regard to particular rights and freedoms, the participants agreed to 'take the action necessary to ensure the freedom of the individual to profess and practice, alone or in community with others, religion or belief acting in accordance with the dictates of his own conscience'; stressed 'the importance of constant progress in ensuring . . . respect for and actual enjoyment of the rights of persons belonging to national minorities'; undertook 'to take all actions necessary to promote equally effective participation of men and women in political, economic, social and cultural life'; and agreed to ensure the right of workers freely to establish and join trade unions and the right of such unions freely to exercise their activities and other rights as laid down in relevant international instruments. The significance of the Universal Declaration of Human Rights, the International Covenants on Human Rights and other international instruments were reaffirmed and all participant states were asked to act in conformity with these.

To further consideration of these matters, it was agreed that meetings of experts should be held in Ottawa in May 1985 and in Athens in April 1984. The former would discuss 'questions concerning respect . . . for human rights and fundamental freedoms in all their aspects', while the latter would pursue, on the basis of the Final Act, 'the examination of a generally acceptable method for the peaceful settlement of disputes aimed at complementing existing [ones]'.

### Security and Disarmament

Recalling the provisions of the Final Act which recognised the interest of the signatories in efforts aimed at lessening military confrontation and promoting disarmament, the participating states agreed to convene a conference on confidence- and security-building measures and disarmament in Europe. The aim of the conference would be 'to undertake in stages, new, effective and concrete actions designed to make progress in strengthening confidence and security and in achieving disarmament'. The first stage, which would begin in Stockholm in January 1984, would be devoted to the negotiation of a set of mutually complementary confidence- and security-building measures designed to reduce the risk of military confrontation in Europe. Covering the whole of Europe as well as the adjoining sea and air space, these measures would be of 'military significance and politically binding and . . . be provided with adequate forms of verification'. In the adjoining sea area and air space they would be applicable 'to the military activities of all the participating states taking place there whenever these activities affect security in Europe'. The conference's progress would be assessed at the next CSCE follow-up meeting which was due to begin in Vienna in 1986.

### Mediterranean Security and Co-operation

Bearing in mind that the security of Europe was linked to that in the Mediterranean, participating states reaffirmed their intention to contribute to peace, security and justice in the region by seeking peaceful solutions to outstanding problems; by taking measures designed to increase confidence and security, by developing good neighbourly relations with all states in the region; and by studying further the possibility of *ad hoc* meetings of Mediterranean states aimed at strengthening security and intensifying co-operation. In addition, they agreed to convene from October 1984 a seminar in Venice to review initiatives already undertaken or envisaged on the subject of economic, scientific and cultural co-operation as outlined in the Mediterranean chapter of the 1975 Final Act.

## ECONOMICS, SCIENCE, TECHNOLOGY AND THE ENVIRONMENT

Reaffirming their conviction that co-operation in the fields of economics, science, technology, and the environment contributed 'to the reinforcement of peace and security in Europe and in the world as a whole', the participating countries reiterated their resolve 'to pursue and intensify such co-operation between one another, irrespective of their economic and social systems'. They confirmed 'their interest in promoting adequate, favourable conditions in order further to develop trade and industrial co-operation among them, in particular by fully implementing all provisions of the second chapter of the Final Act, so as to make greater use of the possibilities created by their economic, scientific and technical potential'. Taking into consideration the efforts already made to overcome trade barriers, participants affirmed their intention to make 'further efforts aimed at reducing or progressively eliminating all kinds of obstacles to the development of trade'.

To enable business negotiations and related activities to be carried out more efficiently and expeditiously, the participants agreed a number of measures to facilitate closer contacts between representatives and experts of business organisations. These included efforts to improve the facilities and working conditions for representatives of foreign firms and organisations on their territories, to speed up procedures for the registration and granting of entry visas, and ensuring 'the

regular publication and dissemination . . . of economic and commercial information compiled in such a way as to facilitate the appreciation of market opportunities and thus to contribute effectively to the process of developing international trade and industrial co-operation'. In addition, they agreed to intensify their efforts to improve the comparability, comprehensiveness and clarity of their economic and commercial statistics, and expressed their willingness to co-operate in the early completion of work in the appropriate United Nations bodies on the harmonisation and alignment of statistical nomenclatures.

Recognising that the expansion of industrial co-operation could contribute to the further development and diversification of their economic relations and to a wider utilisation of modern technology, the participating countries expressed their willingness 'to promote favourable conditions for the development of industrial co-operation among competent organisations, enterprises and firms', and recognised the desirability of further developing and improving the conditions for business activities and the exchange of economic and commercial information among these bodies. They also envisaged new forms of industrial co-operation, including those with organisations, institutions and firms of third countries. There was also a readiness 'to continue . . . efforts aiming at a wider participation by small and medium-size enterprises in trade and industrial co-operation', the 35 countries recommending that the United Nations Economic Commission for Europe should develop its special studies concerning these problems.

In other areas the participants recognised the increasing importance of co-operation in energy; the need to make more use of arbitration for settling trade and industrial disputes; the need to develop further the forms and methods of co-operation in the field of science and technology provided for in the Final Act, such as direct and individual contacts among scientists and specialists as well as among relevant organisations; and recognised the value of 'an improved exchange and dissemination of information . . . as a means of facilitating . . . the study and the transfer of, as well as access to, scientific and technical achievements'. Participants also agreed to encourage the development of scientific co-operation in agriculture, and to continue efforts to strengthen co-operation on such environmental matters as air and water pollution, the recycling of waste, and the protection of flora and fauna. They expressed their wish that host countries and countries of origin should intensify their contacts with a view to improving further the general situation of migrant workers and their families, including the protection of their human rights.

The 35 states welcomed the valuable contribution made by the United Nations Economic Commission for Europe in the implementation of the provisions of the Final Act relating to co-operation in economics, science, technology, and the environment. In addition they reiterated their determination 'to promote stable and equitable international economic relations in the mutual interest of all states and, in this spirit, to participate equitably in promoting and strengthening economic co-operation with the developing countries, in particular the least developed among them'. Participants also declared their readiness to contribute to common efforts towards the establishment of a new economic order.

## HUMANITARIAN CO-OPERATION

Referring to the chapter in the Final Act concerning co-operation in humanitarian and other fields, which provided for human contacts, broader dissemination of information, and cultural and educational exchanges, the participants resolved to expand co-operation in these areas and to achieve fuller utilisation of the possibilities offered by the Final Act.

### Human Contacts

The signatories undertook to deal favourably with applications relating to family contacts and regular meetings, the reunification of families, and marriages between people from different states. They also confirmed that the presentation or renewal of applications would not modify the rights and obligations of the applicants – or of members of their families – concerning, *inter alia*, employment, housing, family support and social and educational benefits. States would, where necessary, gradually reduce fees charged in connection with these applications, including those for visas and passports, and inform the applicants 'as expeditiously as possible' of decisions taken.

Reaffirming their commitment fully to implement the Final Act's provisions regarding diplomatic and other official missions and consular posts, the participating states agreed that 'access by visitors to these missions will be assured with due regard to the necessary requirements of security of these missions', and that the conditions relating to legal, consular and medical assistance for citizens of other participating states temporarily on their territory for personal or professional reasons should be improved. They also reaffirmed their willingness to ensure satisfactory conditions for activities on their territory such as international sporting events. In addition they undertook to encourage contacts and exchanges among young people, to foster the broadening of co-operation among their youth organisations, and to ensure that religious faiths, institutions, organisations or their representatives could develop contacts and exchange information.

### Information

The 35 states agreed to encourage further 'the freer and wider dissemination of printed matter . . . imported from other participating states, as well as an increase in the number of places where these publications [were] on public sale'. These publications would also 'be accessible in reading rooms in large public libraries and similar institutions'. Long-term agreements and contracts designed to increase the quantities and number of titles of newspapers and other imported publications were to be encouraged as well as a more regular exchange of news, articles, broadcasts

and editorial staff. On the basis of reciprocity, they promised to facilitate direct contacts among journalists and to improve their technical and material facilities. Other matters covered in this section included the quicker processing of visas for journalists, easier travel by them in their accredited countries with the exception of areas closed for security reasons, and an improvement in the conditions allowing journalists to establish personal contacts and communication with their sources.

**Cultural Co-operation and Exchanges**

The 35 states agreed to try to make available relevant information concerning possibilities offered by bilateral cultural agreements and programmes; to improve the conditions for the international commercial and non-commercial exchange of cultural goods, by, among other measures, gradually reducing customs duties on such goods; to encourage the translation and dissemination of literature and other cultural works; to contribute to 'the development of contacts, co-operation and joint-projects . . . regarding the protection, preservation and recording of historical heritage and monuments and the relationship between man, environment and this heritage'; and to encourage exchanges of radio and television programmes. They further agreed to hold a cultural forum in Budapest in 1985 to discuss interrelated problems concerning creation, dissemination and co-operation including the promotion and expansion of cultural contacts and exchanges.

**Educational Co-operation and Exchanges**

It was agreed that the participating states would contribute to the 'further improvement of exchanges of students, teachers and scholars and their access to each other's educational, cultural and scientific institutions, and also their access to open information material', and encourage 'a more regular exchange of information about scientific training programmes, courses and seminars for young scientists and facilitate a wider participation in these activities of young scientists from different participating states'. In addition they favoured widening the possibilities of learning less widely spread or studied European languages.

## Korean Airliner Incident

**Britain joined its partners in the European Community, the United States, Japan, the Republic of Korea, and many other countries in strongly deploring the shooting down by the Soviet Union of a Korean civil airliner on 31 August near Sakhalin Island causing the deaths of all those on board.**

The incident occurred at approximately 18.30 GMT on 31 August when the civil Boeing 747 aircraft, on a scheduled flight from New York and Anchorage to Seoul, was shot down by a Soviet fighter near Sakhalin Island in Soviet territorial airspace into which the airliner had strayed. The airliner was carrying 269 passengers and crew, including one British national and 14 Hong Kong residents. After issuing various accounts of the incident, the Soviet authorities finally on 9 September gave a press conference at which the Chief of Staff of the Soviet Armed Forces, Marshal Nikolai Ogarkov, confirmed that the Soviet fighter was ordered to 'stop the flight of the intruder with missiles', justifying the action with the claim that the intrusion of the plane was 'a deliberately, thoroughly planned intelligence operation' directed from 'certain centres in the territory of the United States and Japan'.

Interviewed on 2 September after the Soviet Ambassador to Britain, Mr Victor Popov, had been called to the Foreign and Commonwealth Office, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said that Mr Popov had been informed of the British Government's 'horror and shock' at the tragedy and that Britain wanted the Soviet Government to give an explanation of what happened, an apology and compensation; to punish those responsible; and to take steps to ensure that there would be no repetition. Arriving in Madrid for the formal conclusion of the Conference on Security and Co-operation in Europe (see p 324), Sir Geoffrey said, in a statement on 6 September, that the shooting down of the aircraft was an event which concerned the entire international community and not just one or two nations. He repeated that the vital need was for action to ensure that nothing of this kind was ever allowed to happen again. Sir Geoffrey also put these points to the Soviet Foreign Minister, Mr Andrei Gromyko, in Madrid on 7 September.

**International Reaction**

The British Government also co-sponsored a draft United Nations Security Council resolution which, deeply deploring the destruction of the airliner and the tragic loss of life that resulted, declared that the use of armed force against international civil aviation was incompatible with the norms governing international behaviour, recognised the need for appropriate compensation and called for a United Nations investigation into the incident and effective action to prevent any recurrence of similar incidents. Although the Soviet Union vetoed the draft resolution on 12 September, nine members of the Security Council – the United States, Britain, France, the Netherlands, Zaïre, Togo, Pakistan, Jordan, and Malta – voted for the resolution, only Poland voting with the Soviet Union. Guyana, Nicaragua, the People's Republic of China and Zimbabwe abstained.

In his explanation of Britain's support for the draft resolution, the British Permanent Representative, Sir John Thomson, told the Council on 12 September that the Soviet veto had shown contempt and disregard for the feelings of the world community. 'By choosing, through its veto, to deny the right of the Security Council to express in measured terms our common horror at the tragedy which occurred and our determination to prevent any recurrence in the future, the Soviet Union has shown contempt for this organisation, its Charter and its Secretary-General. By prevent-

ing him from investigating the circumstances of the tragedy the Soviet Union has shown that its main concern is to suppress the true facts of the incident.' Noting that the Soviet defence had been of a narrow and legalistic kind, Sir John pointed out that it was 'a basic principle of international law that a state may not invoke the provisions of its internal law in order to evade or avoid its international obligations'.

Following close consultation among members of the North Atlantic Treaty Organisation and of the European Community, Britain suspended for a period of 14 days from 15 September all Aeroflot flights to and from Britain, all British airline flights to and from the Soviet Union and all Soviet overflights over British territory. Similar action was taken by many other Western European countries, as well as Canada, Japan and the United States. In addition, at a meeting in Montreal of the International Civil Aviation Organisation (ICAO), a United Nations body which drafts air safety rules, Britain on 16 September co-sponsored a successful resolution making points similar to those in the Security Council draft resolution, and directing the ICAO to take steps to help prevent any recurrence. The resolution was adopted by 26 votes to 3 against with 2 abstentions. Other action included a ban imposed by the International Federation of Air Line Pilots' Associations of all flights to the Soviet Union. The boycott was suspended on 3 October.

## European Community

**British Government proposals for the sharing of budgetary burdens in the European Community, a strict financial guideline for agricultural expenditure, and the development of Community policies have been put forward at special meetings of the Council of Ministers in July, August and September.**

The meetings, attended by Britain's Foreign and Commonwealth Secretary, Sir Geoffrey Howe, followed agreement at the European Council in Stuttgart in June (see pp 226-8) that a major negotiation should take place to tackle the most pressing problems facing the Community so as to provide a solid basis for its further development. It was agreed that the negotiation should cover the future financing of the Community, the development of Community policies, the issues relating to enlargement, the particular problems of certain member states in the budget and other fields, and the need for greater budgetary discipline. The results of the negotiation are to be submitted to the next European Council meeting in Athens in December 1983.

A summary of Britain's proposals is published in a supplement to the October issue of the Treasury's *Economic Progress Report*.

### Budgetary Arrangements

Noting that there is a wide measure of agreement in the Community that its policies should be developed in the longer term in order to achieve a more appropriate financial balance between member states, the Government says that, although Britain shares this view, it will not be possible to solve the problem of budgetary imbalance totally by this means in the foreseeable future. Some kind of safety net arrangement was also needed to ensure that no member state bore an unreasonable burden. In Britain's view this would be designed to disturb the Community's existing arrangements as little as possible, would respect the 'own resources' system,[1] and be applicable to an enlarged Community. 'A further objective should be to enable those member states bearing the heaviest budgetary burdens to look at proposals for new Community policies on their merits rather than having to oppose them if they would aggravate an already inequitable budgetary situation.'

The Government points out that Britain's proposal is designed to correct inequitable burdens by setting limits, based on relative prosperity and gross domestic product (GDP), on the net budgetary burdens that any member state should be expected to bear. Its main elements would be agreement that a member state whose relative prosperity was below some given level should be a net beneficiary from the budget and not in any circumstances a net contributor; that above this level the limit on a member state's net budgetary burden would be expressed as a small percentage of the member state's GDP, this percentage being related to the member state's relative prosperity in the enlarged Community; and that any member state bearing a net budgetary burden of more than its agreed limit would have its value added tax (VAT) payments in the following year varied and reduced by the amount of the excess. It would be for the Community to decide what the limits on the net budgetary burdens of member states with any particular level of relative prosperity should be. As an example it might agree that member states with less than 90 per cent of Community average prosperity should not be net contributors and that the most prosperous countries, for instance those with 140 per cent of Community average prosperity, should be prepared to bear a substantial net budgetary burden on condition that it did not exceed some specified percentage (for example 0·3 or 0·4 per cent) of their GDP. Between these two points the limits on net budgetary burdens as a percentage of GDP could rise in accordance with relative prosperity.

Although it would be for the Community to decide the precise method of implementation, the Government sees advantage 'in retaining a common rate of VAT for all member states and expressing as deductions from VAT the reliefs needed to bring the net contributions of member

[1]Own resources are the Community's revenue consisting of levies on agricultural imports, customs duties, and the product of a notional rate of value added tax levied on a Community harmonised base at a rate not exceeding 1 per cent.

states with excessive net budgetary burdens down to their agreed limits'. Any revenue shortfall resulting from these reliefs could be covered by 'an increased call-up of normal VAT from all member states'. Alternatively the extra financing could be varied to take account of existing budgetary burdens and benefits and relative prosperity, with a view to spreading the costs as equitably as possible. No compensation payments would be made from the Community budget itself to net contributor countries. 'The safety net limits, and the consequential reliefs, would operate only so long as, and to the extent that, the development of Community policies failed to solve the imbalances problem . . .'

### Agricultural Expenditure

The Stuttgart meeting, the Government notes, declared that the examination of the Common Agricultural Policy should 'result *inter alia* in concrete steps compatible with market conditions being taken to ensure effective control of agricultural expenditure'. Since then the European Commission has recommended that the rate of growth of agricultural expenditure (as an average calculated over a number of years) should remain below that of the Community's own resources, and the European Parliament has stated that the annual increase in agricultural expenditure should be held at a lower level than the increase in revenue. Britain had consistently taken the view that the rate of growth of agricultural expenditure should be markedly lower than the rate of growth of own resources. It was therefore suggesting that there should be a strict financial guideline specifying that the rate of increase in price guarantee expenditure in any one year, as compared with the corresponding provision in the original budget adopted for the previous year, should not exceed a proportion (the 'given fraction') of the rate of increase in the own resources base between those two years. The size of the proportion would be for negotiation. The permitted rate of guarantee expenditure could be less but would not exceed the rate of increase implied by the 'given fraction'. Decisions on agricultural prices would have to be consistent with this permitted rate of increase. 'What would in practice be needed would be a sustained policy of restraint on common prices, rigorous application of guarantee thresholds to limit the quantity of production to which the Community's guaranteed prices apply and other measures in individual commodity sectors to make the Common Agricultural Policy more effective.' The Government adds that the European Parliament's present power to propose modifications to agricultural expenditure would have to be exercised under a special procedure to take account of the strict financial guideline.

If the trend of price guarantee expenditure were to be higher than expected at the time of the annual price fixing and allowed for in the European budget, it would be for the Commission to use its market management powers to reduce expenditure to the extent possible. 'If such action appeared unlikely to keep expenditure within the permitted rate of increase it would be for the Commission to make proposals to the Council which might include a review of decisions taken at the price fixing. If, despite such action, an increase in expenditure appeared unavoidable, the Commission could under an exceptional procedure submit a supplementary budget increasing [agricultural price guarantee] expenditure.' Commenting on the possibility that budget provision for agricultural price guarantee expenditure might exceed the amount specified by the 'given fraction' as the result of such a supplementary budget, the Government notes that this could be deducted from the amount available under the 'given fraction' rule in the following year. A reverse procedure could be followed if there was a shortfall in guarantee expenditure below that permitted by the 'given fraction' rule. 'The effect of these procedures would be to ensure that the trend rate of increase laid down in the financial guideline would not be exceeded over a period of years.'

### Future Development of the Community

Britain has drawn attention to a number of areas in which member states could benefit by concerted actions on a Community basis. In these, the Government states, emphasis would need to be placed on cost-effectiveness and economy, and in many cases results could be achieved, without additional Community spending, by greater co-operation to cut out waste and duplication. The availability of resources within the Community budget for new policies would depend on keeping the rate of growth of agricultural spending below that of the Community's own resources.

#### *Industry*

In the Government's view the Community needs to apply itself to the development of a vigorous, efficient and cost-effective industrial sector able to compete with the United States, Japan and the newly industrialised countries and to create the wealth on which the future economic, social and political well-being of the Community depends. In order to achieve this it needed to give priority to developing effective action in research, innovation and the new technologies to facilitate co-operation between enterprises; examining critically the administrative and legislative impediments to joint European ventures, risk-taking and investment; developing a competition policy concerned with the positive dimension of industrial development and not solely with the possible distortion of competition; examining further the possibility of industrial co-operation between undertakings from a number of member states; and encouraging training programmes for the new technology industries.

#### *Energy*

Commenting on the Community's priorities on energy policy the Government says that it should reduce dependence on imported sources of energy and develop energy resources in the member states. In addition the Community should have a solid-fuels policy and encourage the economic production and use of coal. Britain welcomed

participation by companies from other member states in the exploitation and production of North Sea oil and gas.

*Environment*

The Government comments that policy on the environment is an important area for future Community activity, notably the elimination of lead in petrol, action to control cross-frontier shipment of hazardous waste, and research to solve problems caused by acid rain.

*The Common Market*

Noting that the creation of a common market in goods and services is a foundation stone of the Treaty of Rome, the Government observes that 'practice still falls well below the reasonable expectations of Community businessmen, who are daily confronted by a range of non-tariff barriers and administrative measures'. Top priority had to be given to the creation of a genuine internal market which would bring about important financial and economic benefits for all member states. The Community needed to work for the liberalisation of transport (particularly air services and lorry transport); a common market for services, particularly insurance; simplification of frontier controls; elimination of non-tariff barriers to trade by, for example, adopting European standards; and further harmonisation of professional qualifications to facilitate free movement of labour.

*External Economic Policy*

The Government states that the Community needs to make a full contribution towards strengthening the world trading system and increasing trade with other developed and with the developing countries. 'It needs to speak with a coherent voice and to work collectively both in defence of its interests where necessary and in tackling the problems of protectionism and indebtedness. It must avoid the temptation to solve its internal problems by increased protectionism.' Specific action was needed to implement the work programme agreed at the ministerial meeting of the General Agreement on Tariffs and Trade (see pp 401-2, 1982) by opening up the markets of newly industrialised countries to other developing as well as developed countries, liberalising trade in services, and playing a full and constructive part in the Committees on Trade in Agriculture. In addition the Community needed to secure more action by Japan to open its market to imports and investment and to prevent the emergence of large current account surpluses; to deal effectively with the unfair practices of other countries and to defend Community industries in transition, for example, steel, textiles and shipbuilding; to promote greater exchange rate stability and economic convergence; to develop a Community approach to the protectionist shipping policies of state trading countries and some developing countries; and to ensure that aid to developing countries was used effectively, including a shift in emphasis towards the poorest and away from direct food aid towards the promotion of greater self-reliance in agriculture.

## Negotiations for a Third Lomé Convention

**Prospects for the negotiations on the third Lomé Convention, which opened in October, were set out by the Minister for Overseas Development, Mr Timothy Raison, in an article published in *Africa Economic Digest* on 30 September 1983.**

### Background

The Lomé Convention, a trade and aid agreement between the European Community and 63 countries in Africa, the Caribbean and the Pacific (known as the ACP states), is the main instrument of Community assistance to developing countries. The first Lomé Convention, signed in 1975, provided for the free entry of ACP industrial products and most agricultural products into the Community. Special protocols safeguarded the interests of those ACP countries dependent on the export of particular agricultural products, for example beef, bananas, rum and sugar, while the STABEX system provided poor countries with a guarantee against excessive fluctuation in the prices of agricultural commodities which could make the formulation and implementation of effective development policies difficult. Lomé I also provided highly concessional financial assistance from the European Development Fund and loans from the European Investment Bank (EIB).

The second Lomé Convention, signed in October 1979 and which entered into force in January 1981, included improvements in trade arrangements such as better access to the Community market for various agricultural exports and an extension of the goods covered by the STABEX scheme. An important innovation was the SYSMIN scheme, with a special fund for financing projects designed to maintain the potential capacity of mineral producers whose production and income suffered as a result of temporary disruption beyond their control. Other features included commitments concerning the promotion and protection of investments from the Community and its member states in ACP countries; agricultural co-operation; and industrial co-operation designed to promote mining and energy developments in the ACP countries. The amount of Community aid and EIB lending was increased from £2,130 million under Lomé I to £3,253 million (at 1983 rates of exchange with the European currency unit or ecu), Britain contributing about 18 per cent.

### Negotiations on the New Convention

Mr Raison began by saying that the approaching negotiations provided a good moment for constructive debate on the Community's development policy. A higher proportion of Community funds was spent on development co-operation than on any other Community policy except the Common Agricultural Policy, providing over $1,250 million a year to developing countries, most of it to the countries of the Lomé Convention. The present Convention, which would expire in February 1985, was a unique aid and trade partnership between a group of industrialised countries and a large

number of developing countries including – with the likely accession of Angola and Mozambique – the whole of independent black Africa. As a contractual arrangement in which both sides accepted obligations and responsibilities, the Convention had been hailed as a model for relations between industrialised and developing countries.

*Priorities for Lomé III*

The new Convention, Mr Raison continued, was unlikely to see sweeping changes. The need was for consolidation and steps to ensure the most effective use of aid resources, since the quality of aid was more important than ever-increasing quantity. The European Commission had put forward some interesting proposals to achieve this, which would be reflected in the Community's negotiating mandate.

Pride of place went to the concept of a policy dialogue between the Community and individual ACP countries to ensure that there was a clear understanding of the objectives of assistance to individual countries' economies and agreement on how aid could most effectively be contributed.

The British Government was approaching the negotiations with the conviction that a successful conclusion, for which it would work hard, was in the interests of both sides, Mr Raison said. Whatever measures the Community proposed, however, had to command support in Britain. Resources devoted to the Lomé Convention had demonstrably to be used as effectively as they would be in Britain's bilateral aid programme, which generally matched more precisely Britain's view of where it could make the best contribution to developing countries.

Furthermore, the Community had the right to take account of gross violations of human rights. If Lomé was to be a real partnership, then not just governments but the people of its member states must feel a genuine commitment to it and believe that their contribution was being put to worthwhile use.

*Food and Agriculture*

The Community, noted Mr Raison, felt that even greater emphasis should be given to development of the agricultural sector, including production for export. Self-reliance in agriculture and food production was undoubtedly the most relevant objective for most ACP countries and the British Government had given full support to the Commission's aims in this area, having already proposed that the new Convention should have a food chapter, grouping together the Community's direct aid to agricultural production, food aid, the STABEX scheme, research and training, and ensuring their use in an integrated fashion.

*STABEX*

An increase in the proportion of resources going to agriculture under the Convention could well have implications for the future operation of the STABEX scheme, which had shown in recent years that its present arrangements were not well-adapted to dealing with the fundamental problems of the commodity sector in the economies of the ACP states. These problems had stemmed more from production difficulties than from fluctuations in world prices, and STABEX transfers had accrued disproportionately to certain commodities from certain countries and had not necessarily been spent in ways relevant to the cause of the loss of earnings. Although the scheme would continue to have an important role in the next Convention, new provisions were clearly needed to ensure that transfers went primarily to help or diversify from the particular commodity sectors in difficulty, and perhaps also to limit the amounts spent on individual products.

*Trade*

Turning to the Convention's trade provisions, Mr Raison described these as generous, since access for industrial goods was already tariff- and quota-free, although access for some agricultural goods, especially those covered by Common Agricultural Policy schemes, was still subject to some restrictions. The British Government wanted to see improvements in this area, although this would cause difficulties for some member states, and took the view that the Community should explore the scope for changes in the basic rules of origin, which could help industrialisation in ACP countries.

*Financial Aid*

The amount of aid in the new Convention would be settled only in the final stages of negotiations, taking account of the Convention's scope and of economic conditions in the Community and the ACP countries. It was important to view the final figure in the context of the contributions made by individual member states to the development of ACP countries through bilateral aid programmes, which, amounting to approximately $2,500 to $3,000 million a year, considerably outstripped the resources made available through the Lomé Convention. The first and most important step was the recovery of the world economy in a sustained and non-inflationary way which would ease the critical problems faced by the developing countries.

## Shorter Note

### BRUNEI

The continued stationing of a Gurkha battalion in Brunei after that country becomes a fully sovereign and independent state from the beginning of 1984 was agreed to by Britain and the Brunei Government following discussions during a visit to Brunei by Mr Richard Luce, Minister of State at the Foreign and Commonwealth Office, between 21 and 23 September. At a press conference in Brunei on 23 September, held after the conclusion of talks on defence arrangements and co-operation, Mr Luce announced that a Gurkha battalion would remain in the Sultanate 'under essentially the same arrangements that apply at present'. Both governments also took the opportunity to

review and update the agreements relating to the provision of British Service personnel on loan to Brunei's armed forces and the use by British forces of training facilities in Brunei. 'Both sides', Mr Luce said, 'are very happy with the outcome of these talks which are of mutual benefit and which reflect the excellent relations between the two countries.'

Brunei is a self-governing Islamic Sultanate in association with the Commonwealth through its long-standing treaty relationship with Britain. In recent years Britain has been responsible for Brunei's external affairs and also has a commitment to consult with the Brunei Government in the event of an external attack on Brunei or threat of attack. As provided for in the 1979 Treaty of Friendship and Co-operation between Britain and Brunei (see pp 292-3, 1978), Brunei will assume from 31 December 1983 full responsibility as a sovereign and independent state.

# Chancellor's Speech at International Monetary Fund Meeting

**Britain's economic strategy of monetary and budgetary restraint and abolition of controls has led to a drastic reduction in inflation, a return to growth and a levelling off in unemployment, the Chancellor of the Exchequer, Mr Nigel Lawson, told the joint annual meeting of the International Monetary Fund (IMF) and World Bank on 28 September in Washington. Britain's economic recovery can be expected to spread from the personal sector to the company sector in the form of a rise in investment. Inflation is likely to remain at a low level, helped by substantial increases in productivity.**

### The World Economy

The Chancellor said that the last year had been 'eventful and troublesome' for governments, peoples and the international monetary institutions. Debt problems had multiplied and were still far from being solved, while the course of exchange rates and interest rates had been unsettled, with present levels (especially of interest rates) being far from satisfactory. The economic and political strains of adjustment had, inevitably, proved painful and there were urgent demands for new approaches, systems and institutions. Nevertheless, some progress had been made particularly in the all-important struggle against inflation; recovery was clearly under way.

### The British Economy

Mr Lawson told the meeting that 'a clear adjustment strategy' had been adopted in Britain four years ago. It had since been steadily pursued and was yielding good results. The strategy consisted of three parts: steady downward pressure on monetary growth; a significant reduction in the Budget deficit as a percentage of gross domestic product; and reforms – such as the abolition of controls on pay, prices (see pp 162-3, 1979), dividends (see p 196, 1979), industrial development (see p 28, 1982), consumer credit (see p 274, 1982) and, perhaps most important of all, foreign exchange transactions (see p 162, 1980) – to remove structural economic rigidities.

The strategy had brought about a dramatic reduction in inflation – from an annual rate of about 15 per cent for much of the 1970s to some 5 per cent now – together with a decisive breaking of the long upward trend of rising inflation rates from one cycle to the next. It had also led to renewed economic growth: despite unfavourable world trading conditions, which affected Britain in particular, the British economy had been growing at an annual average rate of some 2·5 to 3 per cent since the trough of the recession in the first half of 1981 – a rate which compared favourably with the long-run trend before the recession. Even unemployment, 'although still tragically high', was starting to level off.

Mr Lawson dated Britain's recovery from Sir Geoffrey Howe's 1981 Budget (see pp 94-104, 1981) and went on to tell his audience that, unlike certain critics, he believed that the recovery was both sustainable and balanced and that inflation was not bound to rise again. He admitted that the recovery so far had been based on increased personal spending and an end to de-stocking; however, this was not a cause for concern as it was true of all recoveries in their early stages. The significant characteristic on this occasion was that the customary first stages of an end to de-stocking – a rise in spending on consumer durables and an acceleration in housebuilding – had come about without any government stimulus to demand: instead, they had resulted from lower interest rates, increased confidence and, above all, low inflation, which themselves had been the result of responsible monetary and fiscal policies.

The normal pattern would now be for the emphasis of the recovery to switch from the personal sector to the company sector, taking the form of increased investment and building up of stocks. The pattern – which was neither unusual nor surprising – that a rise in investment followed an increase in consumption should be encouraged by the very substantial rise in company profitability over the past year. There were no signs in the leading economic indicators that the British recovery was coming to an end: rather the contrary. Provided that monetary control was maintained (and the Chancellor was confident that it would be), that inflationary expectations continued to improve and that the Budget deficit continued to be held down (so avoiding unnecessary pressure on interest rates), 'we will see the recovery spread more widely throughout the economy'.

Mr Lawson rejected the view that inflation would rise with the recovery: 'The fact is that there is no sign so far of re-emerging inflationary pressure even though, as I have explained, the recovery has already been under way for two years.' Helped by substantial increases in productivity, the rise in labour costs per unit of output continued to be low.

### The Wider Strategy

Warning against underestimating the continuing strength of economic recovery and thereby damaging it by an excessive expansion of demand, the Chancellor drew some specific conclusions relevant to Britain's experience. First, the strategy worked: Britain had shown that it was possible for governments to reduce and control inflation through appropriate monetary and fiscal policies and that financial discipline, far from stifling growth, helped to create the conditions necessary for healthy and sustainable growth. Secondly, perseverance was necessary and it was important for the Government to convey its determination to persevere. This was not easy as it took time for benefits to occur: 'but it is crucial to demonstrate to the markets that there is, and will remain in place, a firm medium-term financial strategy'. Thirdly, it was necessary for monetary and fiscal policy to operate in harmony; otherwise, especially if public sector borrowing pre-empted large amounts of savings, monetary restraint would be possible only at the cost of very high real levels of interest rates. Fourthly, while no country could insulate itself against the rest of the world economy, the more firmly it was engaged on a sound financial strategy, the better it would be able to withstand external shocks or weaknesses. Fifthly, recovery was helped by liberalising industry, cultivating competition and giving free rein to market forces. This applied internationally as well as domestically: liberalisation of trade and payments made an important contribution to the development of world trade and economic activity. Sixthly, the result of the general election in June had demonstrated that a government which steadfastly pursued this strategy and which explained to the people the need for its policies would keep their support. Britain's experience had shown that the successful pursuit of a firm anti-inflationary strategy was the only sound basis for recovery.

### International Debt

Turning to what he regarded as the main concern of the IMF and the World Bank over the past year – international debt – Mr Lawson expressed the view that concerted efforts to sustain world recovery and maintain the attack on inflation would ease the problem; there remained, however, 'an unavoidable, urgent and continuing need for adjustment by the major debtors'. Three issues in particular might be worth pursuing: first, borrowers and lenders might consider shifting debt maturities on to a longer time-scale; secondly, borrowers might think more in terms of attracting private long-term investment from the industrial countries instead of relying on short-term borrowing; and, thirdly, as the world economy recovered, more attention should be paid to strengthening the role of the World Bank and to methods of linking it with private investment flows.

### The International Monetary System

The Interim Committee of the IMF, under the chairmanship of Sir Geoffrey Howe, had in February made important decisions on the review of quotas (see p 162). The effect of these and other decisions should be to double the usable resources available to the IMF. Britain had already passed the necessary legislation and the Chancellor looked forward to the United States doing so as well. He agreed with the Interim Committee's conclusion that the case had not yet been established for a further allocation of Special Drawing Rights; there was an obvious imbalance in the distribution of world liquidity but no clear evidence of a world shortage.

An increase of some $8,000 million in the capital of the World Bank might enable it to raise its level of lending. Britain was prepared to play its part, with due regard to its relative economic capacity, in securing a further replenishment in the resources of the International Development Association, an important means of channelling resources to the poorest countries.

Mr Lawson was convinced that the international financial institutions had served the world well, developing to match changing circumstances and meet new needs. It was important to remember that inflationary domestic policies had precipitated the breakdown of the original Bretton Woods arrangements, which should act as a warning that no country could avoid responsibility for the conduct of its domestic economic and financial policies.

Both the IMF and the World Bank had a key role in encouraging the adoption of adjustment programmes – necessary to deal with, among other things, debt problems. It was therefore essential to ensure that they continued to have the resources to do their job of supporting and sustaining a soundly based recovery in national economies and hence the world economy. 'If we do not fail them, I am confident that they will not fail us.'

## National Income and Expenditure 1982

**Britain's gross domestic product (GDP) at factor cost grew by a little under 2 per cent in real terms in 1982, reversing the decline of the previous year. The volume of fixed investment rose by about 6 per cent with expenditure on leased assets increasing particularly sharply. In 1982 GDP at factor cost amounted to £233,000 million.**

The National Income and Expenditure Blue Book,[1] published on 21 September, gives figures for

[1] *National Income and Expenditure 1983 Edition.* Central Statistical Office. HMSO, £13·95. ISBN 0 11 620101 0.

national income, expenditure and output for each of the 11 years from 1972 to 1982, with summary tables going back to 1961.

### Income

GDP at factor cost,[1] after taking account of inflation, rose by 1·8 per cent between 1981 and 1982 but was still 2·4 per cent below its 1979 peak. GDP at current market prices increased by 9·3 per cent during 1982 while real national disposable income[2] rose by 1·6 per cent.

*Factor Incomes*

Total personal income (before providing for depreciation and stock appreciation) increased by 8·5 per cent in terms of current prices in 1982. Income from employment (mainly wages and salaries) rose by 6 per cent, income from self-employment (after deducting stock appreciation) by 11·9 per cent, rent, dividends and net interest by 13·1 per cent and current grants (including National Insurance benefits) from general government by 16 per cent. British taxes on personal income increased by 10·8 per cent and National Insurance and similar contributions by 13·6 per cent. The result of these deductions was that total personal disposable income (before providing for depreciation, stock appreciation and additions to tax reserves) rose by 7·7 per cent although real personal disposable income fell by 0·6 per cent. The saving ratio (saving as a percentage of personal disposable income) continued to fall, to 10·8 per cent, having been as high as 14·8 per cent in 1980.

Total income of companies increased by 8·6 per cent between 1981 and 1982. Profits rose by 7·9 per cent before providing for stock appreciation and by 14·9 per cent after providing for stock appreciation. Rent and non-trading income increased by 12 per cent and income from abroad by 4·6 per cent. Profits (net of stock appreciation) of North Sea oil companies rose by 17 per cent but those of other industrial and commercial companies by only 10·4 per cent. The gross trading surplus of public corporations (net of stock appreciation) increased by 21·6 per cent.

### Expenditure

Total domestic expenditure at market prices rose by 2·8 per cent in real terms between 1981 and 1982. However, with exports increasing by only 1·4 per cent, the rise in total final expenditure was lower, at 2·5 per cent. An increase of 3·1 per cent in imports meant that the rise in GDP was kept to 2·4 per cent. Gross domestic fixed capital formation increased by 5·8 per cent, final consumption of general government by 1·4 per cent and consumers' expenditure by 1·3 per cent.

Consumers' expenditure on durable goods rose in real terms by 7·7 per cent in 1982 and on clothing by 4·7 per cent. Expenditure on food, on alcoholic drink and on tobacco continued the decline of recent years, falling by 0·5 per cent, 2·6 per cent and 7·7 per cent respectively.

Capital expenditure by general government fell by 1·9 per cent in volume between 1981 and 1982 with gross domestic fixed capital formation falling by 5·9 per cent.

### Output

Between 1981 and 1982 GDP at factor cost (output measure) rose in real terms by 1·5 per cent. There were, however, marked differences between sectors: output of agriculture, forestry and fishing increased by 9·8 per cent (due to the excellent harvest of 1982), of energy and water supply by 6·2 per cent and of manufacturing by 0·3 per cent. (These figures include data that were not available when the relevant tables in the Blue Book were compiled.)

Between 1972 and 1982 the share of manufacturing in GDP at factor cost fell from 32·1 per cent to 24·3 per cent while that of energy and water supply rose from 5 per cent to 11·2 per cent.

### Investment

Total domestic fixed investment rose in volume by 5·8 per cent in 1982, having fallen sharply the previous year. However, the rise was confined to the private sector and public corporations, an increase of 7·3 per cent more than offsetting the fall of 5·9 per cent for general government; nevertheless, the decline for general government was much less than in 1981. The volume of investment in manufacturing continued to decline (though not as sharply as in 1981) but this was offset by rises elsewhere, especially in the services sector, where the increase was 7·6 per cent. Capital expenditure on assets for financial leasing amounted to 6·7 per cent of total domestic fixed investment in 1982, having accounted for only 1·7 per cent in 1975. In 1982 over two-fifths of leased assets were for the use of manufacturing industry. During 1982 the gross capital stock, valued at replacement cost, rose in volume by 1·8 per cent.

[1]The total net value received by producers for the goods and services produced after deduction of indirect taxes or similar charges. (GDP is here a simple average of three estimates based on expenditure, income and output data.)

[2]Real national disposable income is a measure of the value of the goods and services available to the nation and is calculated by adjusting GDP at market prices for changes in both the terms of trade, which express the price of exports in relation to that of imports, and in net earnings and transfers from abroad.

## Industrial Development Act Report

**Details of the main schemes of aid to industry in 1982-83 provided directly by the Department of Trade and Industry and the Scottish and Welsh Offices are contained in the annual report on the Industrial Development Act 1982.[1]**

[1]*Industrial Development Act 1982.* Annual report by the Secretaries of State for Trade and Industry, Scotland and Wales for the year ended 31 March 1983. HMSO, £8·60. ISBN 0 10 207284 1. It is the first annual report prepared in accordance with section 15 of the Industrial Development Act 1982 and the eleventh in a series, earlier ones having been prepared under section 16 of the Industry Act 1972.

Aid under the Industrial Development Act 1982 (see p 364, 1982), which consolidates previous legislation including the main provisions of the Industry Act 1972 (see pp 267-8, 1972) on regional and national assistance, is provided under three main headings: regional assistance; national selective assistance (mainly comprising general and sectoral schemes with some other measures of national assistance); and special assistance for shipbuilding and associated industries.

### Regional Aid

Regional development grants formed the largest element of government support to industry in the 'assisted areas'[1] in 1982-83, amounting to £690 million. They are made primarily towards capital expenditure incurred in providing new buildings and works, on adaptations to existing buildings and on new plant and machinery to be used on these premises. In 1982-83 the total amount of regional development grant paid out on new buildings and works was £139 million and on plant and machinery £550 million.

Regional selective assistance is provided to encourage sound projects which will improve employment opportunities in the assisted areas. Projects qualifying for assistance fall into two broad categories: new projects and expansions which create additional employment, and projects for modernisation or rationalisation which safeguard existing employment. In 1982-83 a total of £132 million was paid to industry in the form of regional selective assistance, almost all as grants. The Government was also able to claim over £4 million in respect of regional selective assistance from the European Regional Development Fund. The total amount of regional assistance (including regional selective assistance) received from the Fund was £22 million. The exchange risk guarantee scheme enables private industry to take advantage of the attractive foreign currency loans available from European Community institutions by providing a guarantee against the exchange risk. Under the scheme the borrower accepts only a sterling liability; the Government takes the exchange risk in return for an annual premium on the outstanding value of the loan. During 1982-83 exchange risk cover was provided on 19 loans totalling £40 million. Over 75 per cent of these loans were to small firms.

### National Selective Assistance

The Industrial Development Act 1982 increased the limit on the cumulative amount of national selective financial assistance which could be provided. The limit previously stood at £1,600 million; the new Act provided an initial limit of £1,900 million which could be increased on not more than four occasions by up to £200 million each time up to a maximum of £2,700 million. The Act also increased the limit above which individual offers of assistance were subject to parliamentary approval from £5 million to £10 million.

Assistance is available under the general powers of the Act for major projects in manufacturing. Projects must be viable, and lead to substantial improvements in performance or to the introduction of new products and processes. By 31 March 1983 assistance totalling £30 million had been offered towards 59 projects involving the investment of £258 million.

The demand for loans under the small firms loan guarantee scheme (see p 103, 1981) has been maintained and, following an increase in the original allocation for the three-year pilot phase of the scheme from £150 million to £300 million in the 1982 Budget (see p 119, 1982), a further £300 million was made available in the 1983 Budget (see p 133). At 31 March 1983 a total of nearly 9,400 guarantees had been issued in respect of £313 million of bank lending.

In 1982 the then Department of Industry brought together into a single system, entitled 'support for innovation' (see pp 296-7, 1982), support previously offered through a number of different channels. Most of the assistance is available under the Science and Technology Act 1965, but some is available under the Industrial Development Act. Among sectoral schemes the microelectronics industry support programme (see pp 304-5, 1978, and p 388, 1979) had offered a total of £55 million to industry by 31 March 1983. The coal firing scheme (see p 133, 1982) made £2 million in payments to industry by the end of March 1983. The private sector steel scheme (see pp 28-9, 1982), which makes grants available under three separate categories, offered assistance totalling £16 million for 76 projects by 31 March 1983. Assistance of £9 million was offered towards the rationalisation of the special steels and heavy forgings activities of Sheffield Forgemasters (see p 296, 1982), the joint venture set up by the British Steel Corporation and Johnson and Firth Brown in 1982. The project was appraised under the private sector steel scheme rules but was made the subject of a separate provision. The flexible manufacturing systems scheme (see p 211, 1982), was launched in June 1982 with an allocation of £35 million to help to increase the usage of systems which combine microelectronics and mechanical engineering to bring economies of scale to batch work. At 31 March 1983 assistance totalling over £1 million had been offered for 17 projects costing some £4 million, and a further 46 projects were under consideration. The robot support programme (see p 336, 1981), designed to encourage the greater use of robots and to help establish a British manufacturing base, was originally funded under the Science and Technology Act 1965 but, as a result of the flexible manufacturing systems scheme, it was transferred to the Industrial Development Act 1982. By the end of March 1983 assistance of over £1 million had been offered under the Industrial Development Act 1982 and under the Industry Act 1972 for 16 projects. No payments have yet been made. The second small engineering firms investment scheme (SEFIS II,

[1] 'Assisted areas' are those parts of Great Britain which have the highest levels of unemployment and where the economic structure is weakest. They are mainly in Scotland, Wales and northern and south-western England, and are sub-divided into special development areas (in which assistance is judged to be most necessary), development areas and intermediate areas. The boundaries of these areas have been redefined recently (see pp 265-7, 1979, and p 251, 1982).

see p 142) is designed to assist small engineering firms to invest in new specific types of advanced capital equipment. The scheme was introduced in March 1983 and was open until 30 September 1983. SEFIS II succeeded SEFIS I (see p 132, 1982) which was introduced in March 1982 and attracted so great a response that it closed in May 1982 having offered assistance totalling £31 million for 1,403 projects. The computer-aided design and test equipment support scheme, with an allocation of £12 million, was introduced in July 1982 to encourage capital investment in computer-aided design, manufacture and test in order to increase the efficiency and competitiveness of firms in the mechanical, electrical and electronic sectors of industry. By 31 March 1983 assistance totalling £7 million had been offered for 229 projects. A further 105 applications were under consideration.

### Assistance to Shipbuilding

During 1982-83 grants of £30 million were offered under the shipbuilding intervention fund (see p 123, 1977) to secure orders for 19 ships. This brought the total amount of grants offered since the introduction of the scheme in February 1977 to £251 million, covering orders for 192 ships. Payments of £48 million were made during 1982-83, bringing the total expenditure since the inception of the fund to £202 million.

## Oil and Gas

**Recent oil and gas developments have included the start of production from the Magnus oilfield (the most northerly in Europe) and the completion of arrangements for the sale of 130 million shares in British Petroleum (BP), while a number of major North Sea oil and gas projects are under consideration.**

### Magnus Oilfield

Initial production in BP's Magnus oilfield began on 14 August and the field was officially inaugurated by the Prime Minister, Mrs Margaret Thatcher, on 14 September, bringing the number of offshore oilfields in production in the United Kingdom Continental Shelf to 23. Output is scheduled to reach a daily level of 120,000 barrels[1] of oil plus 9,000 barrels of gas liquids. Magnus is located mainly in block 211/12 (see map, p 167) and lies in 186 m (610 ft) of water, making it the deepest-water oilfield developed so far in Europe. Recoverable reserves of oil are estimated at 565 million barrels. Production is being obtained initially from seven subsea-completed wells, while over the next three years a further 15 wells will be drilled from the field's platforms, ten of which will be production wells and five for water injection (to maintain the required pressure in the oil reservoirs). The 312-m (1,024-ft) platform incorporates the largest single-piece steel structure ever built and is designed to withstand waves of 31 m (102 ft) and winds of 160 km (100 miles) an hour. Construction was undertaken by Highland Fabricators at its yard at Nigg Bay (Highland) and the self-floating structure (weighing 40,000 tonnes) was successfully towed out of the dock in March 1982 on schedule. The upper part of the platform comprises 19 modules built in five yards (four in Britain and one in the Netherlands). They were floated out on barges to the field and lifted on to the structure in July 1982. Development of the project has involved two main contractors, six major fabricators and over 1,400 sub-contractors and suppliers. More than 80 per cent of the contracts were placed in Britain.

[1] 1 barrel = 0·14 tonne.

### Planned Developments

Opening the Offshore Europe exhibition in Aberdeen on 6 September, the Minister of State for Energy, Mr Alick Buchanan-Smith, said that nearly 30 North Sea oil and gas projects could come forward for consideration or approval by the Government over the next two years. These included several schemes currently under discussion as well as prospects for about 20 new oil, gas condensate and gasfield developments. Mr Buchanan-Smith said that he intended to deal as quickly as possible with the developments under consideration which included discussions with Marathon on the North Brae field, with British Sun on the Balmoral field, Hamilton Brothers on the Duncan field, Texaco on the South Sail field and with BP on its proposal to use a single well oil production system (SWOPS) for developing small offshore reservoirs. There was also a joint study with BP on the best method of recovering the reserves from the South East Forties field. These developments might generate work in excess of £2,000 million. In addition, the Government was holding discussions with Conoco and Shell about the gas pipelines from the Statfjord (UK) and Fulmar fields, while in the Southern Basin of the North Sea it had recently approved the development of Conoco's Victor gasfield, the British Gas Corporation's Rough storage project and Amoco's Leman East field.

Many of these new developments were at the frontiers of technology, Mr Buchanan-Smith said, and it was therefore vital that British firms were the main suppliers. The eighth round of offshore licensing (see p 212, 1982, and pp 168-9) had sought the co-operation of applicants in involving British interests in research into new concepts and in the design and demonstration of associated techniques and equipment for application on the United Kingdom Continental Shelf. This was now being appraised with the licensees. He would assess progress and, in the light of experience, consider how this could be carried further in future licensing rounds.

The Minister saw opportunities for British firms in other parts of the world, for example, in Canada (where joint ventures were being formed), India (where developments, with budgetary assistance, were in progress) and the People's Republic of China (where he believed Britain had an opportunity for a leading role). [The Secretary of State for Energy, Mr Peter Walker, is visiting the People's Republic of China from 3 to 8 November

at the invitation of the Chinese Government to discuss with the Minister for Petroleum and Mineral Resources and his colleagues areas in which Britain can develop a close working relationship with China on a range of major energy developments.]

### Sale of BP Shares

As part of the Government's expanded programme of asset sales announced by the Chancellor of the Exchequer on 7 July (see p 234), for which the target in 1983-84 is £1,250 million, over £500 million will be raised as a result of the sale of 130 million shares in BP announced by the Bank of England (acting on behalf of the Government) on 16 September. The offer was oversubscribed, with some 79,710 applications at or above the striking price (which the Bank of England announced on 26 September would be set at £4·35 a share) received for 171·5 million shares. Applications were received for 248,100 ordinary shares from employees of BP and its subsidiaries in Britain, and were accepted in full. Special arrangements were made to enable small investors to apply for shares at the striking price without having to bid a specific price in advance – 72,870 striking price applications in respect of 39·3 million shares were received and also accepted in full. Following the sale, the Government's holding in BP will be reduced from 38·85 per cent to 31·73 per cent.

## Technology and Commercial Development

**The Government has announced the new role of the British Technology Group: to assist the translation into commercial products of new research ideas. The Group's monopoly power over the application of ideas and inventions from government-funded research will be abolished. The Government's strong support for the development of research discoveries into commercial products and services was reiterated by the Prime Minister, Mrs Margaret Thatcher, at a seminar on the creation of wealth from science and technology, held in London on 12 September. On the same day the Secretary of State for Defence, Mr Michael Heseltine, announced measures to harness ideas with commercial potential emerging from defence research.**

### British Technology Group

In 1981 the Government announced that the operations of the National Research Development Corporation and the National Enterprise Board would be integrated under their existing statutes (see p 238, 1981). They now operate in partnership as the British Technology Group.[1] The decision on the future role of the Group was announced by the then Secretary of State for Trade and Industry, Mr Cecil Parkinson, on 30 September.

The Government's review of the Group has taken place in the context of the need to ensure that maximum advantage is taken of the commercial potential of successful research and development in Britain. The Group's new role will be 'to assist the translation into commercial products of new research ideas, particularly those from the public sector where the Government is the ultimate owner of the industrial property'. With the experience gained from its two component bodies, the Group will harness its technical and commercial skills to produce a new range of services for both the researchers and the industrialists or financiers. The services will include maintaining contact with research work, particularly in universities; helping to evaluate the marketability of new ideas, both from public and private sources; assisting the development of these ideas and their protection through patents; helping industry and financiers to identify research work of potential interest by means of a new database or through active search, especially on behalf of small and medium-sized companies; and providing support for new companies where other means of exploitation cannot be found.

In her speech at the seminar on 12 September, Mrs Thatcher said that the monopoly power exercised over the application of government-funded research by the Group and its predecessor (the National Research Development Corporation) had been very restrictive and widely criticised, not least by scientists wanting to exploit their own work and choose their own industrial partners. It was therefore being abolished. The Department of Trade and Industry says that new guidelines to govern future exploitation and the involvement of the Group are being settled in consultation with those concerned, including the research councils which will set out arrangements based on these guidelines in revised terms and conditions of their new research grants.

The Group will be permitted to retain all income arising from its technology transfer activities and to determine the terms on which it provides services and assistance. Its financial objective will be to become self-financing. The financial structure required for its operations will be considered by the Secretary of State with the Group's board when the Group has prepared a new corporate plan.

The high-technology investment role of the former National Enterprise Board will be concentrated on the activity of technology transfer as its inherited portfolio of investments in companies is disposed of. Similarly its activities in connection with small firms will be focused on helping to commercialise new ideas. A decision on its regional role in the assisted areas in England will be decided in the context of the Government's review of regional policy now in progress.

### Seminar on Science, Technology and Industry

The government-sponsored seminar on science, technology and industry was attended by some 250 invited participants: 100 from industry, 60 from the universities, 40 from the City (financial

[1]For information on the Group's operations see COI reference paper *British Technology Group*, No 216/83.

services) and 50 from government and the Civil Service. In her opening address, Mrs Thatcher said that over the past four years the Government had spent some £12,700 million on research and development, an increase in real terms of nearly 8 per cent over the previous four years. Most of this money went on the type of research which ensured that the Government bought the best products and services, for example, the best roads and the best medical, defence and office equipment. The greater part was spent in industry, some two-thirds of the defence research and development budget being placed with industry. Money was also spent to 'stimulate the development of new science-based products and to help bring them to the market-place', spending in this way having increased by nearly 20 per cent in real terms over the past four years. Substantial expenditure was devoted to support fundamental research: about £500 million in 1983-84 through the research councils (see pp 40-1) and a similar amount for university research through the University Grants Committee.

However, Mrs Thatcher continued, the Government could 'never [be a] substitute for the inspiration of the scientist, the genius of the inventor, the acumen of the industrialist, or the judgment of the financier'. She referred to Britain's 'long and brilliant record in science and engineering' and mentioned outstanding contributors such as Newton, Faraday, Darwin, Fleming, Stephenson, Brunel, Royce and Barnes Wallis.[1] 'We must be as successful as our forefathers in sustaining ... [this] genius and turning it to the benefit of the nation as a whole.' Fundamental research was vital, although there was uncertainty over the likely commercial results and when these would come. For example, major developments in biotechnology and microelectronics had arisen unexpectedly from fundamental research in molecular biology and solid-state physics. She hoped that those undertaking fundamental research would be alert to possible applications.

To make full use of discoveries, Mrs Thatcher continued, 'we must strengthen the links between those who work in universities and those who work in industry. Attitudes are much healthier now than even five years ago, witness the growth in science parks.'[2] Nevertheless, comparisons with Britain's major industrial competitors indicated that private sector industry's spending on research and development formed a smaller proportion of national income than that in Japan or the Federal Republic of Germany. However, the Government needed to remember that the private sector funded its research out of profits. 'The more inroads made by the Government into those profits, the smaller the funds available for private sector research and development. That is why it is vitally important that this Government should make every effort to reduce the burden of taxation and consequently to limit our expenditure commitments.' Moreover, private industry could not make the optimum use of science and engineering without a supportive and intelligent financial sector. The banks and financial institutions needed 'to spot the opportunities for profitable investment in new technology, and to place their financial skills, developed over centuries of successful financing of manufacturing and trade, at the disposal of the young scientists and engineers who have a new product and service to develop'.

The Prime Minister then mentioned briefly some of the achievements of science and industry including brain and body scanners, the technique of nuclear magnetic resonance and electron beam technology (which made more powerful silicon chips possible). She described the present age as one of discovery and application. 'Our business is to be the leaders of that age – to apply our science and apply ourselves to building the industries of the future.'

*Exploitation of Inventions in Defence Research Establishments*

At the seminar the Secretary of State for Defence, Mr Michael Heseltine, said that the Ministry's research establishments were to be opened up to selected groups of entrepreneurs with access to venture capital so that they could identify promising ideas for high-technology companies. The groups of entrepreneurs, including Cogent, Prutec, Hereford Venturers, the Cranfield Business Institute, Lazards and Barclays Bank, would act as technology brokers between the research establishments and the high-technology industries. The intention was that the groups would act as a club sponsoring one or two individuals, who, with the help of the Ministry's scientists, would produce a portfolio of ideas with commercial potential. A pilot scheme was beginning at the Royal Signals Research Establishment, which was particularly suitable because of its involvement in a large number of important electronics-based technologies. He intended that this should be followed by similar initiatives at other establishments, notably the Royal Aircraft Establishment and the naval research establishments.

[1]Examples of British pioneering achievements are given in COI reference pamphlet *British Achievements in Science and Technology*, No 111/RP/81.

[2]Britain has more than 20 science parks constructed or planned. These are sites, usually near universities, containing science-based industries and research institutes and are designed to facilitate commercial developments in advanced technology through collaboration between university and industrial scientists and technologists.

## Lead in the Environment

**The Government has accepted the ninth report of the Royal Commission on Environmental Pollution on *Lead in the Environment* and has set out a programme of measures to implement it. In Northern Ireland similar measures are under consideration.**

In a paper published on 22 September,[1] the Government gives its response to the report of the Royal Commission on Environmental Pollution

[1]*Lead in the Environment: the government response to the ninth report of the Royal Commission on Environmental Pollution* (Pollution Paper No 19). HMSO, £2·95. ISBN 0 11 751714 3.

on lead in the environment (see pp 170-2). In a foreword to the response, the Secretary of State for the Environment, Mr Patrick Jenkin, says that the Royal Commission's report 'provides an authoritative, up-to-date and objective review of the situation, . . . a comprehensive overview of the current state of knowledge; and . . . a sound and rational basis for decision-making'. The report, he points out, 'acknowledges the importance of the steps already taken by the Government to reduce exposure to lead from food, water, petrol, old paint and industrial emissions. But because the use and distribution of lead are widespread and because there appears to be no assured safety threshold, the report recommends a line of maximum prudence in reducing exposure to lead still further. The Government fully endorse this general objective.'

Talks with the British oil and motor industries have been started and neither sees any insurmountable problems in introducing unleaded petrol throughout the European Community or in manufacturing car engines capable of running on it, given reasonable time for adjustment. Discussions within the Community have led to an agreement to draw up proposals for further reductions in the lead content of petrol throughout the Community, leading to its eventual elimination. The Government will work to achieve the Royal Commission's target date of 1990 for the introduction of unleaded petrol and, if possible, improve on it.

Although the decision to work towards the elimination of lead in petrol will receive the most public attention, Mr Jenkin emphasises that this step will be just one part of government strategy to deal effectively with the problems of lead pollution from all sources. The Government's commitment to set early target dates for the completion of surveys of water zones and for the main programme of remedial treatment measures may well prove to be even more important than the move to unleaded petrol. The Government will also promote further publicity on the hazards of old leaded paint and continue research into sources whose significance is not fully understood, such as alcoholic drink and dust. A new Steering Committee on Environmental Lead Monitoring will bring together the various bodies with an interest in lead pollution and will work closely with local authorities to provide advice and guidance wherever necessary and to assess the effectiveness of central and local measures to reduce exposure to lead.

**Progress So Far**

The Government accepts the Royal Commission's view of the current state of knowledge about the ways in which lead is absorbed and its medical effects, and takes particular note of those areas where knowledge is inadequate or deficient. Despite considerable research no level has been established at which lead can be assumed to be safe, even though harmful effects of low levels of lead on health (particularly children's intelligence and behaviour) have not been convincingly established. The Government also accepts that, given the health uncertainties and particular characteristics of lead as a widespread toxic pollutant, it is prudent to reduce exposure to it wherever practicable. Following the report of a Department of Health and Social Security working party on lead in the environment (see p 143, 1980), the Government took a number of measures to reduce exposure to lead from a variety of sources, including the reduction of lead in petrol by over 60 per cent. The Royal Commission has endorsed those steps and the philosophy underlying them, and has recommended various further measures.

*Lead in Water*

The lead content of water abstracted for public supply in Britain is well below the limit prescribed by the European Community. However, variations in pipe length and condition, the time water has stood in the pipe or tank and the rate at which water flows through the system can result in wide variations in the lead content of water used for drinking or cooking in areas where the water is lead-solvent.

Surveys of the levels of lead in drinking water have already been completed in more than 1,100 water supply zones in England and Wales, serving some 40 million people, and the Government has set target dates of June 1984 for the completion of surveys in the remaining 450 zones and June 1985 for the parts of areas in the Pennines where the multiplicity of small sources makes assessment more difficult. Of the areas where remedial changes are necessary, two-thirds will have completed the changes by 1987 and a target date for completion of the main programme of remedial measures has been set for the end of 1989. In Scotland the Government will consult local authorities about an early and firm date for completion of surveys.

There is little evidence that the present arrangements in England and Wales for the replacement of lead plumbing, based on the use of improvement or repair grants, are hampering this work where the local authority accepts that there is a health hazard. In Scotland grants are available as widely as could reasonably be expected. There is, effectively, no financial constraint on payments of home improvement grants in 1983-84. Premises in the public sector will need to be considered individually by the authority responsible, and the appropriate remedial measures are likely to vary from case to case. Failure to take up grants for plumbing replacement can best be remedied by education and suitable publicity, especially local publicity.

To obtain a better view of the situation with regard to lead soldering in modern plumbing, the Department of the Environment is to commission further studies in typical institutional buildings and private dwellings. In the mean time discussions are taking place with plumbing fitting manufacturers to determine whether the use of lead-based solders can be phased out.

*Lead in Food and Drink*

Further study is necessary to determine the relative significance of sources of lead in food, but one source – that from the solder used in cans – is readily identifiable. The main firms manufactur-

ing food cans in Britain intend to phase out the use of lead solder in their can-making by 1985.

*Lead in Petrol*

Since the Secretary of State for the Environment's acceptance in April that lead should be phased out of petrol altogether, discussions with the oil and motor industries have revealed no insurmountable problems over the introduction of unleaded petrol. The European Commission is now being asked to examine ways of reducing lead in petrol, including eliminating it altogether.

*Lead in Paint*

In 1982 the Government produced an information note[1] explaining the possible hazards in old paintwork containing lead, and more than 100,000 copies have been distributed. In addition to discussions with trade associations and the Health Education Council, a major publicity campaign is planned for later in the year. Methods of detecting lead in paintwork are being evaluated by the Government Chemist. Most paint now sold in Britain contains no lead; in much of the remainder the quantities of lead are small. The Paintmakers Association of Great Britain and the Department of Trade and Industry are between them surveying all paint manufacturers to establish the quantities of paint manufactured containing various levels of lead.

Discussions are being held with the Paintmakers Association about the practical and commercial implications of a phased reduction in the lead content of household paint below the level of 0·5 per cent, which is now the limit voluntarily agreed by manufacturers for compliance with the British Standard. The Paint Research Association has undertaken a programme of research to find alternatives in the main areas where lead is used as a pigment or as a drier and, together with the Paintmakers Association, is investigating promising areas for future research.

Lead chromate is the yellow pigment chiefly used for road marking, and the Department of Transport is investigating proposals for research into reducing the lead content of yellow road paints.

Regulations to implement the European Community directive on the precautionary labelling of all paint containing more than 0·5 per cent lead will be made later this year, with appropriate publicity.

*Lead from Industrial Emissions*

The Industrial Air Pollution Inspectorate has included in its 1983-84 programme a review of emissions of lead from scheduled processes to explore the scope for revising the current requirements and reducing emissions.

*Lead in Fishing Weights and in Shot*

The Government strongly supports the recommendations of the Nature Conservancy Council report on lead poisoning of swans (resulting from their swallowing lead weights used by anglers), and agrees that urgent efforts should be made to develop alternatives to anglers' lead weights and that efforts should be directed to phasing out lead in angling by 1986. The Government hopes that a withdrawal of lead can be achieved by voluntary means, but legislation will be considered if necessary. Although the Government has no evidence at present that spent lead shot from firearms poses any toxic hazard, the environmental significance of lead shot and possible alternatives will be investigated further.

*Research and Monitoring*

The Government has noted the Royal Commission's conclusion that the harmful effect of low concentrations of lead on health (particularly on the behaviour and intelligence of children), if there is an effect, is a small one. However, further work, sponsored by the Medical Research Council and the Department of the Environment, is in progress. The Health and Safety Executive is exploring the possibility of identifying occupational groups exposed to lead who might be suitable for long-term study.

The Department of Health and Social Security has commissioned, from a team headed by an expert neuropsychologist, a specialist review of experimental studies made on animals on the effect of low concentrations of lead; when the results are available later in 1983, the Department will discuss with the Medical Research Council whether further animal studies should be undertaken.

The Department of the Environment is sponsoring a two-part research project into metals, including lead, in dust. The first part of this project, which has just been completed, established the normally encountered amounts of various metals in road and playground dust, house dust and garden soil for a wide range of towns in Britain. The second phase will attempt to identify the sources of metals in house dust and to evaluate the significance of dust to children's total lead intake.

The monitoring of foodstuffs for lead (and other chemicals) is co-ordinated by an interdepartmental Government Steering Group on Food Surveillance, which keeps possible problem areas under review and, where appropriate, makes arrangements for analytical surveys of food. In 1982 the Working Party on the Monitoring of Foodstuffs for Heavy Metals, which reports to the Steering Group, set about obtaining more information on the lead content of alcoholic drinks at the point of consumption.

Local authorities have been made aware of the need to consider the extent of general environmental lead monitoring that might be necessary in their areas, and details have been received from about 70 authorities which have monitoring projects recently completed or in hand. Discussions have been held between government departments and with the local authority associations on an integrated system for measuring changes in environmental lead over the next few years and the effects of such changes on the population as

[1] *Information Note on Lead in Paintwork*. Available free from the Department of the Environment Distribution Section, Building 3, Victoria Road, South Ruislip HA4 0ZZ.

a whole and on exposed or particularly susceptible groups. The agreed programme will include a new series of annual blood-lead surveys of adults and children; co-ordination of information from existing central and local government air-lead monitoring schemes; some additional air-lead monitoring; continuing monitoring of dietary lead intakes and deposition of airborne lead on to food crops generally; further work on the importance of dust as a pathway of lead; and co-ordination of information on lead in water from surveys carried out by water undertakings.

## Shorter Notes

### THE STOCK EXCHANGE

An extraordinary general meeting of the membership of the Stock Exchange on 11 October approved by 860 votes to 63 a resolution on the deed of settlement designed to admit non-members to the council of the Stock Exchange. Approval was seen as necessary to enable the Government to exclude the Stock Exchange from the Restrictive Trade Practices Act 1976 (see p 275).

The Council for the Securities Industry agreed on 29 September to set up a committee on matters arising from the agreement between the Government and the Stock Exchange. The Council, which is concerned with self-regulation in the securities industry, contains a wide range of experience and opinion within its membership and is in a strong position to review developments within the securities market and to make representations to the Department of Trade and Industry, the Bank of England and the Stock Exchange.

Sources: Stock Exchange; Council for the Securities Industry press notice, 29.9.83.

### TUC GENERAL COUNCIL

On 5 September, at its annual congress, the Trades Union Congress (TUC) voted for a change in the composition of its General Council (the governing body). In place of the former system, based on voting by the whole Congress organised by trade, the Congress substituted a system which automatically gives seats on the General Council to unions with more than 100,000 members. The effect of the change is to give greater representation to unions (mostly representing non-manual workers) which have grown in recent years at the expense of unions which have declined in membership.

The new General Council is composed of representatives from the larger unions on the following basis:

| *Members* | *Representatives* |
|---|---|
| 100,000-499,999 | 1 |
| 500,000-749,999 | 2 |
| 750,000-999,999 | 3 |
| 1 million-1·5 million | 4 |
| 1·5 million and above | 5 |

In addition, there are 11 representatives from unions with a membership of less than 100,000, and six women representatives. The new council elected on 6 September consists of 51 members.

Source: TUC.

### LAND SPEED RECORD

A Briton, Mr Richard Noble, has broken the land speed record. At Black Rock Desert, Nevada, on 4 October Mr Noble drove his 34,000-horsepower Rolls-Royce Avon-powered jet car, Thrust 2, at an average speed of over 633 miles (1,018 km) per hour over two measured one-mile runs. He thus exceeded by more than the required 1 per cent the 622 miles (1,001 km) per hour achieved by Mr Gary Gabelich of the United States in October 1970.

The Thrust 2 project of Mr Noble, a businessman, was sponsored by over 200 British companies including Initial Services, Plessey, GKN, Castrol and Champion.

Source: *Financial Times*, 8.10.83.

# SOCIAL AND CULTURAL AFFAIRS

## Strategy for dealing with Crime

**The Government's strategy for dealing with crime has been outlined in a speech by the Home Secretary in which he referred to penal policy, prison accommodation, the effective use of police resources and crime prevention.**

Speaking at the Police Superintendents' Association's annual conference in Torquay on 27 September, the Home Secretary, Mr Leon Brittan, referred to 'an overall strategy for dealing with crime' which included every aspect of the system, from crime prevention and the effective use of police resources to sentencing policy and how those committed to prison were dealt with. All of these issues were inter-related, he said, and no serious headway would be made in tackling crime if one aspect were concentrated upon to the exclusion of others.

### Penal Policy

A broad distinction should be made, said Mr Brittan, between the criminal who committed a serious offence involving the use or threat of violence, and other offenders – the majority – who were troublesome but did not present the same threat to people's safety and peace of mind. This distinction was not always straightforward but it was right to take account of it both in matters of sentencing and in the allocation of resources to the different parts of the criminal justice system.

The first group – serious, violent criminals – would usually have to receive prison sentences and often long prison sentences. He had almost completed a review of the arrangements for dealing with these offenders following Parliament's decision, in the debate last July, not to reintroduce capital punishment (see p 285) and would be making a number of announcements about the outcome of this review[1] as well as his conclusions on other aspects of the prison system.

[1]In an address to the Conservative Party conference on 11 October in which he said that the Government's key task was the fight against crime, the Home Secretary announced measures for dealing with violent offenders. With immediate effect people convicted of murdering police and prison officers, terrorist murderers, those convicted of the sexual or sadistic murder of children and criminals who killed with firearms in the course of robbery would serve a minimum jail sentence of 20 years. Parole would no longer be granted to those sentenced to more than five years for violent offences or drug-trafficking. Legislation is to be introduced to increase the maximum sentence for carrying firearms in furtherance of crime from 14 years to life imprisonment.

It was important to remember that, although public concern was understandably focused on the gravest offences, the overwhelming majority of confrontations between the public and the criminal arose out of less serious offences. It was in this area that the effective prevention and detection of crime was of particular importance for it was that which would provide the public with the best protection. For this type of offence he would continue to support the use and development of non-custodial penalties where the courts considered them appropriate.

### Prisons

Nonetheless, for those on whom the courts considered that a custodial sentence was necessary, he had to make sure that there was adequate prison accommodation. As a first step he was seeking to ensure that the present use of police cells for people on remand awaiting trial would be phased out by the end of the year. Secondly, he was proceeding with the Government's commitment to complete a major programme of building which would provide an extra 4,800 places in ten new prisons while another 4,000 or so places would be gained from refurbishing existing buildings. Thirdly, he intended to announce as soon as possible further developments in the programme for prison building and manpower. By these means the Government would give priority to making real inroads into the overcrowding of prisons which was a prime obstacle to clear thinking about the penal system. Mr Brittan said he did not accept the argument that the building of new prisons would result in the courts sending more people into custody. The courts had no wish to send people to prison unless they had to and it was the Government's policy that they should not do so. However, where people had to be imprisoned the Government had to make sure that adequate places with proper sanitation were provided. Limitations in prison accommodation had to be taken into account by all those involved with the criminal justice system but it was wrong for constraints of this kind to distort the proper judgment of what was required for the individual concerned.

The measures which the Government would announce for serious violent offenders and the action proposed for prisons and the prison population generally would provide the opportunity for a fresh look at what happened inside the prisons. The proportion of dangerous and disruptive offenders had presented increasing problems of security and control over the last 15 years and the arrangements for dealing with this group had to be regularly reviewed and up-dated; he had

directed that the work on this question should now be accelerated.

### The Police Service

The Home Secretary referred to the increased resources being made available to the police service and said that the service had a responsibility to ensure that those resources were used effectively and efficiently, in ways which responded to genuine public anxiety about crime. First and foremost, this meant preventing crime and catching criminals. Recorded crime continued to grow year by year and the proportion of crimes which were detected fell. It was important to recognise, however, that falling clear-up percentages concealed the fact that more crimes were actually detected in 1982 than in 1981. The police's record in detecting the most serious offences, such as murder, blackmail and others involving danger to life, remained extremely good. Yet, however one judged present performance, a great deal more needed to be done. People of all ages were most fearful of violent street crime and burglary, and tackling these two crimes should now be treated as a priority.

Many forces were already considering how they might improve their effectiveness. Chief officers were reviewing critically the allocation and deployment of manpower and, as a result, more officers were being returned to the beat. It was necessary to ensure that beat policing was made more purposeful and that the level of coverage allocated to each area was in accordance with the varying levels of risk; that supervisors set clear objectives, priorities and tasks for their officers; and that policing for public order events was adequate but not excessive. Efforts against street crime and burglary should make the best possible use of the available intelligence and skilled detective powers. It might be that public expectation of what the police could achieve by themselves, even with additional resources and improved techniques, was unreasonably high. It should be made clear to people that effective policing required a partnership between police and public and that the public had an important part to play in the drive to reduce and prevent crime. Many of the crimes which were cleared up would have remained unsolved but for information willingly volunteered by members of the public.

### Crime Prevention

Mr Brittan welcomed the increasing attention which the police were giving to crime prevention in all its aspects, including the work which was being done with agencies such as the probation service, housing departments, schools and voluntary organisations. It was vital to achieve a much higher commitment to crime prevention than had existed in the past. In some forces, crime prevention sections had been taken under the wing of community relations departments, as crime prevention had shifted in emphasis from a purely physical security approach to a community-based one. The Home Office would do all it could to support these developments: the formation of a new Crime Prevention Unit within the Police Department had been announced (see p 285) and the Standing Committee on Crime Prevention had been expanded. In addition to its research and development work the Unit would be available to help local organisations – local authorities, the police, industry and commerce – with the design and implementation of their own crime prevention initiatives; and later on, it would seek to provide a service by the development of local attitude surveys and the analysis of local crime problems.

## Shorter Notes

### SMOKING ATTITUDES AND HABITS

Two reports on smoking were published in September by the Office of Population Censuses and Surveys. The survey *Smoking Attitudes and Behaviour*, based on interviews with nearly 4,000 adult smokers and non-smokers, examines people's attitudes to smoking and the psychological, economic and social factors which influence smoking habits. It reveals that 70 per cent of smokers in the sample (who numbered 2,670) had made one or more attempts to give up smoking during the previous ten years; 85 per cent now smoked tipped cigarettes, while over 90 per cent smoked cigarettes with a tar yield of less than 20 milligrammes. Only 8 per cent did not acknowledge a connection between smoking and illness. There was wide support for bans on smoking in most public places, and for the right of non-smokers to enjoy smoke-free air at work. Some 65 per cent of the sample agreed that the legal age for the purchase of cigarettes should be raised from 16 to 18. A narrow majority favoured continued sponsorship of sport and the arts by tobacco companies.

The second report surveys the smoking habits of a sample of over 5,000 schoolchildren aged 11 to 16. It found that 19 per cent of the sampled pupils in England and Wales smoked, 11 per cent regularly. Over a quarter of fifth-year pupils in the sample were regular smokers, smoking an average of 47 cigarettes a week; a further 10 per cent smoked occasionally.

Sources: *Smoking Attitudes and Behaviour*. HMSO, £15·80. ISBN 0 11 690974 9. *Smoking Among Secondary School Children*. HMSO, £8·50. ISBN 0 11 690987 0.

### THE NOBEL PRIZE FOR LITERATURE, 1983

The British novelist, Mr William Golding, has been awarded the 1983 Nobel Prize for Literature. According to the citation, Mr Golding was honoured 'for his novels which, with the perspicuity of realistic narrative art and the diversity and universality of myth, illuminate the human condition in the world of today'.

William Golding was born in Cornwall in 1911 and educated at Marlborough Grammar School and Brasenose College, Oxford. He served in the

Royal Navy during the second world war. His published works include *Lord of the Flies* (1954), *The Inheritors* (1955), *Pincher Martin* (1956), *Free Fall* (1959), *The Spire* (1964), *The Hot Gates* (1965), *The Pyramid* (1967), *The Scorpion God* (1971), *Darkness Visible* (1979), for which he was awarded the James Tait Black Memorial Prize in 1980, and *Rites of Passage* (1980), which won the Booker McConnell Prize. His most recent work, a collection of essays entitled *A Moving Target*, was published in 1982.

Mr Golding is the seventh British writer to have been awarded the Nobel Prize for Literature. The others are: Rudyard Kipling (1907), George Bernard Shaw (awarded the 1925 prize in 1926), John Galsworthy (1932), T. S. Eliot (1948), Bertrand Russell (1950) and Winston Churchill (1953).

# DOCUMENTATION

## Government and Administration

*The Monarchy in Britain.* COI, No 102/RP/83. (Spanish edition in preparation.)

*Financial Management in Government Departments.* A progress report on the Government's initiative, launched in 1981, to improve the allocation, management and control of resources throughout central government. Part 1 describes the common features of departments' plans; Part 2 comprises a summarised account by each department of its plans. The plans include better information systems and improvements in the management of administrative and programme expenditure and are intended to support ministers and senior officials in setting objectives, establishing priorities and allocating resources in the better knowledge of costs and achievements and to clarify and sharpen responsibility at all levels for the control of expenditure and use of resources. Cmnd 9058. HMSO, £6·90. ISBN 0 10 190580 7.

*Qualifications: the role of qualifications in the post-recruitment development of civil servants for administrative work – A discussion document.* The document considers whether the training of civil servants after recruitment should include study for qualifications recognised outside the Service. It concludes that the demands of work in government in the 1980s and beyond require a deepening of the knowledge and expertise of civil servants, and that this should involve greater contact with the outside educational and professional world. Cabinet Office. Available from Central Management Library, Management and Personnel Office, London SW1A 2AZ. £3·20.

## External Affairs and Defence

*Developments in the European Community January-June 1983.* Cmnd 9043. HMSO, £4. ISBN 0 10 190430 4.

*The Review of the European Social Fund.* Second Report of the House of Lords Select Committee on the European Communities, Session 1983-84. HMSO, £9·15. ISBN 0 10 402284 1.

*European Monetary System.* Fifth Report of the House of Lords Select Committee on the European Communities, Session 1983-84. HMSO, £9·90. ISBN 0 10 403984 1.

*Paths to Independence: Britain and the Emergence of New Nations.* COI, No 205/RP/83.

*The Falkland Islands and Dependencies.* COI, No 152/83. (French, German and Spanish editions in preparation.)

*St Helena and Dependencies.* COI, No 219/83.

## Economic and Scientific Affairs

*National Income and Expenditure 1983 Edition* (see p 335). Central Statistical Office. HMSO, £13·95. ISBN 0 11 620101 0.

*Registry of Friendly Societies. Report of the Chief Registrar 1981-1982.* HMSO, £7. ISBN 0 11 600352 9.

*Aid, Credit and Trade in Tropical Africa.* A report by the Tropical Africa Advisory Group. Available from the Press Office, British Overseas Trade Board, Room 301, 1 Victoria Street, London SW1H OET.

*Export Credits Guarantee Department Trading Results 1982-83.* The report says that in 1982-83 the amount of guarantees and other facilities given by ECGD in support of British exports and overseas investment rose by 15 per cent to over £38,000 million. At the end of the period ECGD's cumulative outstanding liabilities under all its guarantees amounted to £42,000 million, 29 per cent higher than a year previously. Available free from Publicity Branch, ECGD, Aldermanbury House, Aldermanbury, London EC2P 2EL.

*Health and Safety Commission Report 1982-83.* HMSO, £5. ISBN 0 11 883718 4.

*Companies: General Annual Report for the year ended December 31 1982.* Northern Ireland Department of Economic Development. HMSO Belfast, £1·60. ISBN 0 337 09192 7.

*A. Alfred Taubman and Sotheby Parke Bernet Group PLC.* A report on the proposed merger from the Monopolies and Mergers Commission. The Commission concluded that the proposed acquisi-

tion of Sotheby's (the fine art auction house) by Mr Taubman, a citizen of the United States, might be expected not to operate against the public interest. There was no reason to believe that Sotheby's reputation for integrity would be impaired under the ownership of Mr Taubman, a successful and highly reputable businessman who would be buying Sotheby's as a long-term interest and not as a speculation. Cmnd 9046. Department of Trade and Industry. HMSO, £3·30. ISBN 0 10 190460 6.

*Industrial Development Act 1982: Annual Report 1982-83* (see p 336). HMSO, £8·50. ISBN 0 10 207284 1.

*New Opportunities in Manufacturing: The Management of Technology.* A report by the Advisory Council for Applied Research and Development which reviews the factors influencing the introduction of new and advanced manufacturing technology in engineering manufacture, and makes recommendations to industry and to government. Its principal conclusion is that senior management must see the evaluation and implementation of new and advanced manufacturing technology as a fundamental part of corporate strategy and therefore as one of its own major responsibilities. HMSO, £5·90. ISBN 0 11 630823 0.

*British Tourist Authority. Annual Report for the year ended 31 March 1983.* Available from the BTA, Queen's House, 64 St James's Street, London SW1A 1NF. £2·50. ISBN 0 7095 1799 8.

*United Kingdom Atomic Energy Authority. Annual Report 1982-83.* UKAEA. Available from HMSO, £3. ISBN 0 7058 0777 0.

*Renewable Sources of Energy in Britain.* COI, No 26/83. (Spanish edition in preparation.)

*Policy for Roads in England: 1983.* Cmnd 9059. Department of Transport. HMSO, £4·65. ISBN 0 10 190590 4.

*Railways in Britain.* COI, No 120/83.

*Building Research Establishment Annual Report 1981-82.* Department of the Environment. HMSO, £2·40. ISBN 0 11 671363 1.

*Making a Business of Information – A Survey of New Opportunities.* A report by the Information Technology Advisory Panel. Cabinet Office. HMSO, £4·20. ISBN 0 11 630824 9.

*National Industry Radioactive Waste Executive: First Report.* HMSO, £1·50. ISBN 0 7058 0807 6.

*Department of the Environment report for the year 1982-83.* Available from the Department of the Environment, 2 Marsham Street, London SW1P 3EB. £4.

*Lead in the Environment: the government response to the ninth report of the Royal Commission on Environmental Pollution* (see p 340). Pollution Paper No 19. HMSO, £2·95. ISBN 0 11 751714 3.

## Social and Cultural Affairs

*Human Rights in the United Kingdom.* COI, No 221/RP/83.

*Criminal Statistics England and Wales 1982.* Cmnd 9048. HMSO, £11·90. ISBN 0 10 190480 0.

*Her Majesty's Chief Inspector of Fire Services for Scotland: Report for 1982.* Cmnd 9011. HMSO, £3·40. ISBN 0 10 190110 0.

Smoking Attitudes and Behaviour (see p 345). HMSO, £15·80. ISBN 0 11 690974 9.

*Smoking among Secondary School Children* (see p 345). HMSO, £8·50. ISBN 0 11 690987 0.

*Fourth Annual Report of the Advisory Council for Adult and Continuing Education 1981-82.* Recommends the establishment of a national development body for adult and continuing education to replace the Advisory Council for Adult and Continuing Education set up in 1977. HMSO, £3·75. ISBN 0 11 270521 9.

*Facts about the Arts.* A summary of available statistics, by Muriel Nissel. Policy Studies Institute. £12·15. ISBN 0 85374 222 7.

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